# MASILONYANA LOCAL MUNICIPALITY
# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

**MASILONYANA LOCAL MUNICIPALITY**
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**
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# GENERAL INFORMATION

## NATURE OF BUSINESS

Masilonyana Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

## COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

## JURISDICTION

The Masilonyana Municipality includes the following areas:

Brandfort
Soutpan
Theunissen
Verkeerdevlei
Windburg

| MUNICIPAL MANAGER | Appointed |
|---|---|
| S S Mtakati | 1 October 2012 |

| PREVIOUS CHIEF FINANCIAL OFFICER | Appointed | Resigned |
|---|---|---|
| M E Mokoena | 1 February 2013 | 28 February 2014 |

| ACTING CHIEF FINANCIAL OFFICER | Appointed | Expired term |
|---|---|---|
| N C Mekana | 1 March 2014 | 31 July 2014 |

## REGISTERED OFFICE

Cnr Le Roux and Pienaar Street
Theunissen
9410

P.O.Box 8
Theunissen
9410

## AUDITORS

Auditor General
Free State

## PRINCIPLE BANKERS

ABSA BANK
Theunissen
9410

Branch Code: 632005
Acc No: 40 5351 7822

## RELEVANT LEGISLATION

- Municipal Finance Management Act (Act no 56 of 2003)
- Division of Revenue Act (Act 5 of 2012)
- The Income Tax Act (Act 58 of 1962)
- Value Added Tax Act (Act 89 of 1991)

## RELEVANT LEGISLATION (CONTINUE)

- Municipal Structures Act (Act no 117 of 1998)
- Municipal Systems Act (Act no 32 of 2000)
- Municipal Planning and Performance Management Regulations 2011
- Water Services Act (Act no 108 of 1997)
- Housing Act (Act no 107 of 1997)
- Municipal Property Rates Act (Act no 6 of 2004)
- Employment Equity Act (Act no 55 of 1998)
- Unemployment Insurance Act (Act no 30 of 1966)
- Basic Conditions of Employment Act (Act no 75 of 1997)
- Supply Chain Management Regulations, 2005
- Collective Agreements
- Infrastructure Grants
- SALGBC Leave Regulations
- Skills Development Levies Act (Act no 9 of 1999)
- Electricity Act (Act no 41 of 1987)

## COUNCILORS OF THE MASILONYANA LOCAL MUNICIPALITY

| | |
|---|---|
| K S Koalane | Mayor |
| S J Mabitla | Speaker |
| S C Mangoejane | Councilor |
| D E Modise | Councilor |
| I I Majara | Councilor |
| J A Pienaar | Councilor |
| K A Sekharume | Councilor |
| K P Dichakane | Councilor |
| L M Moloele | Councilor |
| V M Lekale | Councilor |
| M B Tsoaela | Councilor |
| M M Kholumo | Councilor |
| M G Mafa | Councilor |
| P T Botha | Councilor |
| S L Kgoe | Councilor |
| T P Ramongalo | Councilor |
| T J Chele | Councilor |
| X Nqwiliso | Councilor |
| Z P Thuthani | Councilor |
| M Venter | Councilor |

## ACCOUNTING OFFICERS' RESPONSBILITIES AND APPROVAL

The accounting officer is required by the Municipal Finance Management Act (Act no 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledge that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the Municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

**Members' responsibilities and approval (continue)**

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 5 - 8.

The annual financial statements set out on pages 9 to 77 , which have been prepared on the going concern basis, were approved and signed by:

S S Mtakati
**Municipal Manager**

**Date**

## MASILONYANA LOCAL MUNICIPALITY
## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
## STATEMENT OF FINANCIAL POSITION

| | Notes | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **NET ASSETS AND LIABILITIES** | | | |
| **Net Assets** | | **541 131 270** | **571 047 837** |
| Accumulated Surplus/(Deficit) | | 541 131 270 | 571 047 837 |
| **Non-Current Liabilities** | | **22 979 551** | **20 196 403** |
| Long-term Liabilities | **2** | 2 812 679 | 3 742 244 |
| Employee benefits | **3** | 7 635 577 | 7 541 069 |
| Non-Current Provisions | **4** | 12 531 296 | 8 913 090 |
| **Current Liabilities** | | **56 622 628** | **63 951 204** |
| Consumer Deposits | **5** | 1 136 367 | 1 064 868 |
| Current Employee benefits | **6** | 856 687 | 732 665 |
| Provisions | **7** | 570 496 | 469 110 |
| Payables from exchange transactions | **8** | 45 151 709 | 43 429 103 |
| Unspent Conditional Government Grants and Receipts | **9** | 2 626 223 | 7 888 682 |
| Taxes | **10** | 5 427 520 | 8 589 840 |
| Current Portion of Long-term Liabilities | **2** | 853 624 | 1 776 936 |
| **Total Net Assets and Liabilities** | | **620 733 449** | **655 195 444** |
| **ASSETS** | | | |
| **Non-Current Assets** | | **611 092 184** | **592 173 598** |
| Property, Plant and Equipment | **11** | 541 116 669 | 521 350 101 |
| Investments | **12** | 90 743 | 88 234 |
| Investment Property | **13** | 69 884 773 | 70 735 264 |
| **Current Assets** | | **9 641 264** | **63 021 846** |
| Inventory | **14** | 14 355 | 6 777 |
| Receivables from exchange transactions | **15** | 3 794 038 | 40 791 668 |
| Receivables from non-exchange transactions | **16** | 2 254 675 | 15 206 862 |
| Unspaid Conditional Government Grants and Receipts | **9** | - | 717 828 |
| Cash and Cash Equivalents | **17** | 3 578 197 | 6 298 710 |
| **Total Assets** | | **620 733 449** | **655 195 444** |

## MASILONYANA LOCAL MUNICIPALITY
## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
## STATEMENT OF FINANCIAL PERFORMANCE

| | Notes | 2014 (Actual) R | 2013 (Actual) R |
|---|---|---|---|
| **REVENUE** | | | |
| **Revenue from Non-exchange Transactions** | | **148 021 594** | **135 592 360** |
| **Taxation Revenue** | | **15 629 795** | **15 075 772** |
| Property taxes | **18** | 15 629 795 | 15 075 772 |
| **Transfer Revenue** | | **132 375 794** | **120 467 462** |
| Government Grants and Subsidies | **19** | 132 375 794 | 120 467 462 |
| **Other Revenue** | | **16 005** | **49 126** |
| Fines | | 16 005 | 49 126 |
| **Revenue from Exchange Transactions** | | **75 428 042** | **78 255 931** |
| Service Charges | **20** | 67 237 164 | 61 008 306 |
| Rental of Facilities and Equipment | | 244 250 | 142 404 |
| Interest Earned - external investments | | 315 803 | 439 193 |
| Interest Earned - outstanding debtors | | 7 187 180 | 13 285 558 |
| Other Income | **21** | 436 110 | 3 367 991 |
| Dividends received | | 5 026 | 5 812 |
| Fair Value Adjustments | | 2 509 | 6 666 |
| **Total Revenue** | | **223 449 636** | **213 848 291** |
| **EXPENDITURE** | | | |
| Employee related costs | **22** | 61 641 569 | 55 854 317 |
| Remuneration of Councillors | **23** | 5 438 660 | 4 647 958 |
| Debt Impairment | **24** | 91 543 905 | 25 889 828 |
| Depreciation and Impairment | **25** | 28 790 069 | 69 841 863 |
| Repairs and Maintenance | | 7 723 108 | 7 149 061 |
| Actuarial losses | **3** | 2 377 | 45 034 |
| Finance Charges | **26** | 1 657 112 | 1 084 964 |
| Bulk Purchases | **27** | 31 880 903 | 39 590 162 |
| General Expenses | **28** | 39 082 979 | 29 128 405 |
| **Total Expenditure** | | **267 760 681** | **233 231 591** |
| **NET SURPLUS/(DEFICIT) FOR THE YEAR** | | **(44 311 045)** | **(19 383 300)** |

## MASILONYANA LOCAL MUNICIPALITY
## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
## STATEMENT OF CHANGES IN NET ASSETS

| | Accumulated Surplus/ (Deficit) | Total |
|---|---|---|
| | R | R |
| **Balance at 1 July 2012** | **526 623 395** | **526 623 395** |
| Correction of error - Refer to note 29 | 63 807 742 | 63 807 742 |
| **Restated Balance at 1 July 2012** | **590 431 137** | **590 431 137** |
| Net Surplus / (Deficit) | (19 383 300) | (19 383 300) |
| **Restated balance at 30 June 2013** | **571 047 837** | **571 047 837** |
| **Balance at 1 July 2013** | **571 047 837** | **571 047 837** |
| Net Deficit for the year | (44 311 045) | (44 311 045) |
| Correction of error - Refer to note 29 | 14 394 479 | 14 394 479 |
| **Balance at 30 July 2014** | **541 131 270** | **541 131 270** |

## MASILONYANA LOCAL MUNICIPALITY
## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
## CASH FLOW STATEMENT FOR THE YEAR ENDED

| | Notes | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Taxation | | - | - |
| Sale of goods and services | | 42 039 898 | 15 434 017 |
| Grants | | 127 831 163 | 126 459 672 |
| Interest income | | 7 502 983 | 13 724 751 |
| Other receipts | | 21 031 | 583 937 |
| **Payments** | | | |
| Taxation | | (3 162 320) | (2 185 939) |
| Employee costs | | (65 493 782) | (61 064 680) |
| Suppliers | | (63 229 779) | (60 453 692) |
| Finance costs | | 2 062 480 | (573 923) |
| **Cash generated by operations** | **30** | **47 571 674** | **31 924 142** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of Property, Plant and Equipment | **11** | (47 706 645) | (24 962 734) |
| **Net Cash from Investing Activities** | | **(47 706 645)** | **(24 962 734)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Increase/(Decrease) in long-term liabilities | **2** | (1 852 877) | (1 180 713) |
| Increase/(Decrease) in Employee benefit payment | **3** | (732 665) | (769 254) |
| **Net Cash from Financing Activities** | | **(2 585 542)** | **(1 949 967)** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **(2 720 514)** | **5 011 441** |
| Cash and Cash Equivalents at the beginning of the year | **17** | 6 298 710 | 1 287 269 |
| Cash and Cash Equivalents at the end of the year | **17** | 3 578 197 | 6 298 710 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **(2 720 514)** | **5 011 441** |

| | 2014<br>R | 2013<br>R |
|---|---|---|
| **2 LONG-TERM LIABILITIES** | | |
| Other financial liabilities | 3 203 595 | 3 639 661 |
| Capitalised Lease Liability - At amortised cost | 462 708 | 1 879 519 |
| | **3 666 303** | **5 519 180** |
| Current Portion Transferred to Current Liabilities | **853 624** | **1 776 936** |
| Other Financial Liability - At amortised cost | 390 916 | 360 803 |
| Capitalised Lease Liability - At amortised cost | 462 709 | 1 416 133 |
| **Non-current long-term liabilities - At amortised cost using the effective interest rate method** | **2 812 679** | **3 742 244** |

Refer below for maturity dates of long term liabilities:

The obligations under other financial liabilities are scheduled below:

| | Minimum liability payments | |
|---|---|---|
| Amounts payable under other financial liabilities: | | |
| Payable within one year | 772 674 | 825 763 |
| Payable within two to five years | 3 676 340 | 3 018 876 |
| Payable after five years | 208 548 | 1 470 536 |
| | 4 657 562 | 5 315 175 |
| **Less:** Future finance charge obligations | 1 453 967 | 1 675 515 |
| **Present value of annuity obligations** | **3 203 595** | **3 639 661** |

The Infrastructure Finance Corporate Limited loans expire on 30th September 2014, the terms stipulates that payments should be made half yearly September and March, interest accrues on the outstanding balance and the rate is 16 % per annum.

The Development Bank of South Africa loan expires on 1st April 2020, and the terms stipulates that payments should be made quarterly, interest accrues on the outstanding balance and the rate is 12,5% and at 14,5% on payments in arrears.

The obligations under finance leases are scheduled below:

| | Minimum lease payments | |
|---|---|---|
| Amounts payable under finance leases: | | |
| Payable within one year | 475 991 | 1 519 044 |
| Payable within two to five years | - | 476 668 |
| Payable after five years | - | - |
| | 475 991 | 1 995 712 |
| **Less:** Future finance charge obligations | 13 283 | 116 193 |
| **Present value of lease obligations** | **462 708** | **1 879 519** |

The Copperleaf finance lease agreement (Rental of Photocopiers) loans expire on 1 January 2015, the terms stipulates that payments should be made monthly of R67 998, interest accrues on the outstanding balance and the rate is 14.08% per annum.

The Multitech Corporation finance lease agreement (Rental of Telephone system) loans expire on 30th May 2014, the terms stipulates that payments should be made monthly of R65 000, interest accrues on the outstanding balance and the rate is 9.28% per annum.

Leases are secured by property, plant and equipment - Note 11

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

The net carrying value of the finance lease assets as presented according to note 11.

| | | |
|---|---|---|
| Leased assets | | |
| Office Equipment & Vehicles | **1 763 951** | **2 861 199** |

**Defaults and breaches**

There was no default during the period of principal, interest, sinking fund or redemption terms of loans payable. No terms were renegotiated before the financial statements were authorised for issue.

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **2** | **LONG-TERM LIABILITIES (CONTINUE)** | | |
| | There are no contingent rent payable on finance lease agreements. | | |
| | There no restrictions placed on the finance lease agreements. | | |
| **3** | **EMPLOYEE BENEFITS** | | |
| | Post Retirement Medical Benefits | 4 811 658 | 4 996 420 |
| | Long Service Awards | 2 823 919 | 2 544 649 |
| | **Total Non-current Employee Benefit Liabilities** | **7 635 577** | **7 541 069** |
| | **Post Retirement Medical Benefits** | | |
| | Balance 1 July | 5 480 584 | 5 882 862 |
| | Current service cost | - | - |
| | Interest Cost | 394 093 | 379 201 |
| | Expenditure for the year | (484 164) | (500 700) |
| | Actuarial Loss/(Gain) | (79 415) | (280 779) |
| | **Total post retirement benefits 30 June** | **5 311 098** | **5 480 584** |
| | **Less:** Transfer of Current Portion - Note 6 | (499 440) | (484 164) |
| | **Balance 30 June** | **4 811 658** | **4 996 420** |
| | **Long Service Awards** | | |
| | Balance 1 July | 2 793 150 | 2 263 088 |
| | Current service cost | 362 435 | 340 905 |
| | Interest Cost | 192 290 | 131 898 |
| | Expenditure for the year | (248 501) | (268 554) |
| | Actuarial Loss/(Gain) | 81 792 | 325 813 |
| | **Total long service 30 June** | **3 181 166** | **2 793 150** |
| | **Less:** Transfer of Current Portion - Note 6 | (357 247) | (248 501) |
| | **Balance 30 June** | **2 823 919** | **2 544 649** |
| | **TOTAL NON-CURRENT EMPLOYEE BENEFITS** | | |
| | Balance 1 July | 8 273 734 | 8 145 950 |
| | Current service cost | 362 435 | 340 905 |
| | Interest cost | 586 383 | 511 099 |
| | Expenditure for the year | (732 665) | (769 254) |
| | Actuarial Loss/(Gain) | 2 377 | 45 034 |
| | **Total employee benefits 30 June** | **8 492 264** | **8 273 734** |
| | **Less:** Transfer of Current Portion - Note 6 | (856 687) | (732 665) |
| | **Balance 30 June** | **7 635 577** | **7 541 069** |
| **3.1** | **Post Retirement Medical Benefits** | | |
| | The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows: | | |
| | In-service (employee) members | - | - |
| | In-service (employee) non-members | - | - |
| | Continuation members (e.g. Retirees, widows, orphans) | 16 | 17 |
| | **Total Members** | **16** | **17** |
| | The liability in respect of past service has been estimated to be as follows: | | |
| | In-service members | - | - |
| | Continuation members | 5 311 098 | 5 480 584 |
| | **Total Liability** | **5 311 098** | **5 480 584** |

| | 2014<br>R | 2013<br>R |
|---|---|---|

**3 EMPLOYEE BENEFITS (CONTINUE)**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

| | 2013<br>R | 2012<br>R | 2011<br>R |
|---|---|---|---|
| In-service members | - | - | - |
| Continuation members | 5 480 584 | 5 882 862 | 4 812 260 |
| **Total Liability** | **5 480 584** | **5 882 862** | **4 812 260** |

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Keyhealth.

Key actuarial assumptions used:

**i) Rate of interest**

| | | |
|---|---|---|
| Discount rate | 8.06% | 7.52% |
| Health Care Cost Inflation Rate | 7.56% | 7.56% |
| Net Effective Discount Rate | 0.38% | -0.04% |

**ii) Mortality rates**

The PA90-1 ultimate table, rated down by 1 year of age was used by the actuaries.

**The amounts recognised in the Statement of Financial Position are as follows:**

| | | |
|---|---|---|
| Present value of fund obligations | 4 811 658 | 4 996 420 |
| **Net liability/(asset)** | **4 811 658** | **4 996 420** |

**Reconciliation of present value of fund obligation:**

| | | |
|---|---|---|
| Present value of fund obligation at the beginning of the year | 5 480 584 | 5 882 862 |
| Total expenses | (90 071) | (121 499) |
| Current service cost | - | - |
| Interest Cost | 394 093 | 379 201 |
| Benefits Paid | (484 164) | (500 700) |
| Actuarial (gains)/losses | (79 415) | (280 779) |
| Present value of fund obligation at the end of the year | 5 311 098 | 5 480 584 |
| **Less:** Transfer of Current Portion - Note 6 | (499 440) | (484 164) |
| **Balance 30 June** | **4 811 658** | **4 996 420** |

The best estimate of benefit payments expected in the following financial periods:

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Opening accrued liability | **5 219 995** | **5 311 098** |
| Current-service cost | - | - |
| Interest cost | 399 485 | 408 337 |
| Benefits vesting | (537 638) | (499 440) |
| Total annual expenses | (138 153) | (91 103) |
| Closing accrued liability | **5 081 842** | **5 219 995** |

| | 2014 R | 2013 R |
|---|---|---|

**3 EMPLOYEE BENEFITS (CONTINUE)**

**Sensitivity Analysis on the Unfunded Accrued Liability**

| Assumption | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) |
|---|---|---|---|
| Central Assumptions | | | |
| The effect of movements in the assumptions are as follows: | - | 5.311 | 5.311 |

| Assumption | Change | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) | % change |
|---|---|---|---|---|---|
| Health care inflation | 1% | - | 5.740 | 5.740 | 8% |
| Health care inflation | -1% | - | 4.927 | 4.927 | -7% |
| Post-retirement mortality | -1 year | - | 5.585 | 5.585 | 5% |

**Sensitivity Analysis on the Interest Cost**

| Assumption | In-service members liability (R) | Continuation members liability (R) | Total liability (R) |
|---|---|---|---|
| Central Assumptions | | | |
| The effect of movements in the assumptions are as follows: | - | 394 100 | 394 100 |

| Assumption | Change | In-service members liability | Continuation members liability | Total liability | % change |
|---|---|---|---|---|---|
| Health care inflation | 1% | - | 429 300 | 429 300 | 9% |
| Health care inflation | -1% | - | 362 700 | 362 700 | -8% |
| Post-retirement mortality | -1 year | - | 415 600 | 415 600 | 5% |

**3.2 Long Service Awards**

The Long Service Bonus plans are defined benefit plans.

| | | |
|---|---|---|
| As at year end, the following number of employees were eligible for Long Service Bonuses. | 372 | 372 |

Key actuarial assumptions used:

**i) Rate of interest**

| | | |
|---|---|---|
| Discount rate | 7.85% | 7.20% |
| General Salary Inflation (long-term) | 7.08% | 6.80% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 0.71% | 0.38% |

**ii) Key demographic assumptions**

The table below summarises the key demographic assumptions used for 2014 and 2013 financial year:

| Assumptions | Value | | |
|---|---|---|---|
| Average retirement age | 60 | | |
| Mortality during employment | SA85-90 | | |
| Withdrawal from service (sample annual rates) | Age | Rate | |
| | | Female | Male |
| | 20 | 24% | 16% |
| | 30 | 15% | 10% |
| | 40 | 6% | 6% |
| | 50 | 2% | 2% |
| | 55 | 0% | 0% |

**The amounts recognised in the Statement of Financial Position are as follows:**

| | | |
|---|---|---|
| Present value of fund obligations | 3 181 166 | 2 793 150 |
| **Net liability** | **3 181 166** | **2 793 150** |

| | 2014<br>R | 2013<br>R |
|---|---|---|

**3 EMPLOYEE BENEFITS (CONTINUE)**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

| | 2012<br>R | 2011<br>R |
|---|---|---|
| **Total Liability** | **2 263 088** | **2 308 146** |
| **Reconciliation of present value of fund obligation:** | | |
| Present value of fund obligation at the beginning of the year | 2 793 150 | 2 263 088 |
| Total expenses | 306 224 | 204 249 |
| Current service cost | 362 435 | 340 905 |
| Interest Cost | 192 290 | 131 898 |
| Benefits Paid | (248 501) | (268 554) |
| Actuarial (gains)/losses | 81 792 | 325 813 |
| Present value of fund obligation at the end of the year | 3 181 166 | 2 793 150 |
| **Less:** Transfer of Current Portion - Note 6 | (357 247) | (248 501) |
| **Balance 30 June** | **2 823 919** | **2 544 649** |

The best estimate of benefit payments expected in the following financial periods:

| | 2015<br>R | 2015<br>R | 2014<br>R |
|---|---|---|---|
| Opening accrued liability | **3 458 155** | **3 181 166** | **2 793 150** |
| Current-service cost | 429 573 | 398 311 | 362 435 |
| Interest cost | 257 130 | 235 925 | 192 290 |
| Actuarial Loss / (Gain) | - | - | 81 792 |
| Benefits vesting | (371 145) | (357 247) | (248 501) |
| Total annual expenses | 315 558 | 276 989 | 388 016 |
| Closing accrued liability | **3 773 713** | **3 458 155** | **3 181 166** |

**Sensitivity Analysis on the Unfunded Accrued Liability**

| Assumption | Change | Liability (Rm) | % change |
|---|---|---|---|
| Central assumptions | | 3.181 | |
| General salary inflation | +1% | 3.369 | 6% |
| General salary inflation | -1% | 3.010 | -5% |
| Average retirement age | -2 yrs | 2.895 | -9% |
| Average retirement age | +2 yrs | 3.533 | 11% |
| Withdrawal rates | -50% | 3.775 | 19% |

The table above indicates that if salary inflation is 1% greater than the long-term assumption made, the liability will be 6% higher than disclosed on the statement of financial position.

**Sensitivity Analysis on the Current-Service and Interest Cost**

| Assumption | Change | Current-Service Cost (R) | Interest Cost (R) | % change |
|---|---|---|---|---|
| Central assumptions | | 362 400 | 192 300 | |
| General salary inflation | +1% | 388 900 | 205 100 | 7% |
| General salary inflation | -1% | 338 500 | 180 700 | -6% |
| Average retirement age | -2 yrs | 336 600 | 173 800 | -8% |
| Average retirement age | +2 yrs | 397 200 | 215 500 | 10% |
| Withdrawal rates | -50% | 467 700 | 235 200 | 27% |

No plan assets are disclosed as the benefit plan is unfunded.

| | 2014 R | 2013 R |
|---|---|---|

## 3 EMPLOYEE BENEFITS (CONTINUE)

### 3.3 Additional disclosure to employee benefits

**Long Service Awards**

The Municipality offers employees long service wards for every five years of service completed, from five years of service to 45 years of service, inclusive.

The below described the benefits awarded:

| Completed Service (in years) | Long Service Bonuses (% of Annual Salary) |
|---|---|
| 5 | 4% |
| 10 | 7% |
| 15 | 10% |
| 20 | 11% |
| 25, 30, 35, 40, 45 | 12% |

**Post Retirement Medical Benefits**

**Medical Scheme Arrangements**

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover.
Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

**Contribution Rate Structure**

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

**Subsidy Policy**

All continuation members receive a 60% subsidy. Upon a member's death-in-retirement, the surviving dependants will continue to receive the same 60% subsidy. The subsidy is assumed to be R 3,557.65 for the ensuing year. This cap has been assumed to increase in the future in line with 75% of salary inflation.

The effective date of the actuarial valuation of the long service awards obligation and the post employment medical benefit obligation was the 30 June 2013 and were performed by independent professional valuators. The next actuarial valuation is expected to be performed on the 30 June 2014.

## 4 NON-CURRENT PROVISIONS

| | | |
|---|---|---|
| Provision for Rehabilitation of Landfill-sites | **12 531 296** | **8 913 090** |
| **Total Non-current Employee Benefit Liabilities** | **12 531 296** | **8 913 090** |

***Landfill Sites***

| | | |
|---|---|---|
| Balance 1 July | 9 382 200 | 8 617 200 |
| Contribution to the provision due increase in expected cost of rehabilitation | 3 719 592 | 765 000 |
| **Total provision 30 June** | **13 101 792** | **9 382 200** |
| **Less:** Transfer of Current Portion to Current Provisions - Note 7 | (570 496) | (469 110) |
| **Balance 30 June** | **12 531 296** | **8 913 090** |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|

**4 NON-CURRENT PROVISIONS (CONTINUE)**

The estimated rehabilitation cost are for the landfill sites at Theunissen, Brandfort, Soutpan, Windburg and Verkeerdevlei. An once-off cost estimation were performed by independent consultants during August 2014 and it is expected that an estimation will be performed during August 2015. The expected timing is still uncertain as the expected use are still undeterminable. The uncertainty regarding the amount are based on the variation of the average borrowing interest rate in the future.

Due to the uncertainty of the period that the landfill sites will still be used before rehabilitation it is not possible to accurately determine the impact of the time value of money and the expenditure to be incurred in the future when rehabilitation commences.

There were reductions in the carrying amounts of provisions resulting from re-measurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the entity.

There were no unused amounts reversed during the period and the increase/decrease during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

**5 CONSUMER DEPOSITS**

| | | |
|---|---|---|
| Water and Electricity | 1 136 367 | 1 064 868 |
| **Total Consumer Deposits** | **1 136 367** | **1 064 868** |
| **Guarantees held in lieu of Electricity and Water Deposits** | - | - |

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

**6 CURRENT EMPLOYEE BENEFITS**

| | | |
|---|---|---|
| Current Portion of Post Retirement Medical Benefits - Note 3 | 499 440 | 484 164 |
| Current Portion of Long-Service Awards - Note 3 | 357 247 | 248 501 |
| **Total Current Employee Benefits** | **856 687** | **732 665** |

**7 PROVISIONS**

| | | |
|---|---|---|
| Provision for Landfill Sites - Note 4 | 570 496 | 469 110 |
| **Total Provisions** | **570 496** | **469 110** |

**8 PAYABLES FROM EXCHANGE TRANSACTIONS**

| | | |
|---|---|---|
| Trade Payables | 31 386 469 | 24 252 253 |
| Accruals | 3 460 108 | 5 509 049 |
| Staff bonus | 951 215 | 914 629 |
| Staff Leave | 7 537 748 | 5 987 888 |
| Sundry Creditors | 1 816 169 | 6 765 284 |
| **Total Trade Payables** | **45 151 709** | **43 429 103** |

Payables are being recognised net of any discounts.

The carrying value of trade and other payables approximates its fair value.

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **9** | **UNSPENT / (UNPAID) CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS** | | |
| | **Unspent Grants** | | |
| | Municipal Infrastructure Grant (MIG) | 2 626 223 | 7 888 682 |
| | **Unpaid Grants** | | |
| | Regional Bulk Infrastructure Grant | - | (717 828) |
| | **Total Unspent / (Unpaid) Conditional Grants and Receipts** | **2 626 223** | **7 170 854** |

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

| | | | |
|---|---|---|---|
| **10** | **TAXES** | | |
| | **VAT RECEIVABLE / PAYABLE** | | |
| | VAT Payable | 5 427 520 | 8 589 840 |
| | Total Vat (receivable) / payable | **5 427 520** | **8 589 840** |

The value added tax recoverable from, or payable to, the taxation authority presented in this note and the

| | 2014<br>R | 2013<br>R |
|---|---|---|

| | 2014<br>R | 2013<br>R |
|---|---|---|

| | | 2014 R | 2013 R |
|---|---|---|---|

## 11 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

**Assets pledged as security:**

Finance Lease assets are pledged as security for finance leases.

## 12 INVESTMENTS

**Financial assets at fair value through profit or loss**

| | 2014 R | 2013 R |
|---|---|---|
| Non-current Assets | | |
| Senwes shares | 90 743 | 88 234 |
| | **90 743** | **88 234** |

For debt securities classified as at fair value through surplus or loss, the maximum exposure to credit risk at the reporting date is the carrying amount.

There are no restrictions placed on the investments and none of the investment items are provided as security.

The shares are unlisted shares and the trading price are used to value the shares at 30 June as published by the issuer:

| | Nr of shares | Trading price 2014 | Trading price 2013 | 2014 R | 2013 R |
|---|---|---|---|---|---|
| Senwes Limited | 4 857 | R10.25 | R10.50 | 49 784 | 50 999 |
| Senwesbel Limited | 7 447 | R5.50 | R5.00 | 40 959 | 37 235 |
| | | | | **90 743** | **88 234** |

| | 2014 R | 2013 R |
|---|---|---|
| **Income received from these investments:** | | |
| Dividend income | **5 026** | **5 812** |
| | **5 026** | **5 812** |
| Current assets | - | - |
| Non-current assets | 90 743 | 88 234 |
| | **90 743** | **88 234** |

## 13 INVESTMENT PROPERTY

| | 2014 R | 2013 R |
|---|---|---|
| **Net Carrying amount at 1 July** | **70 735 264** | **72 209 400** |
| Cost | 72 209 400 | 72 209 400 |
| Accumulated Depreciation | (1 474 136) | - |
| Acquisitions | - | - |
| Depreciation for the year | (850 491) | (1 474 136) |
| **Net Carrying amount at 30 June** | **69 884 773** | **70 735 264** |
| Cost | 72 209 400 | 72 209 400 |
| Accumulated Depreciation | (2 324 627) | (1 474 136) |

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

The carrying amount of these assets approximates their fair value.

Investemt property has been restated due to full compliance with GRAP for the year ended 30 June 2012.

The municipality has no contractual obligations to purchase, construct or develop investment property for the 2014/2013 year.

| | 2014 R | 2013 R |
|---|---|---|
| Revenue derived from the rental of investment property | 244 250 | 142 404 |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **14** | **INVENTORY** | | |
| | Water – at cost | 14 355 | 6 777 |
| | **Total Inventory** | **14 355** | **6 777** |

There are no restrictions placed on the inventory and none of the inventory items are provided as security.

| | | | |
|---|---|---|---|
| **15** | **RECEIVABLES FROM EXCHANGE TRANSACTIONS** | | |
| | Electricity | 63 489 915 | 53 145 869 |
| | Water | 60 327 975 | 37 147 919 |
| | Refuse | 29 599 338 | 20 415 341 |
| | Sewerage | 62 428 658 | 42 465 452 |
| | Other | 14 993 043 | 33 020 932 |
| | **Total Receivables from Exchange Transactions** | **230 838 928** | **186 195 513** |
| | Less: Allowance for Doubtful Debts | (227 044 891) | (145 403 845) |
| | **Total Net Receivables from Exchange Transactions** | **3 794 038** | **40 791 668** |

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

| | | |
|---|---|---|
| ***(Electricity): Ageing*** | | |
| Current (0 - 30 days) | 1 386 361 | 5 280 527 |
| 31 - 60 Days | (1 861 383) | (303 388) |
| 61 - 90 Days | (196 904) | 1 577 474 |
| + 90 Days | 64 161 841 | 46 591 255 |
| **Total** | **63 489 915** | **53 145 869** |
| ***(Water): Ageing*** | | |
| Current (0 - 30 days) | 3 462 229 | 3 148 862 |
| 31 - 60 Days | (467 760) | (9 793) |
| 61 - 90 Days | 1 557 187 | 1 246 817 |
| + 90 Days | 55 776 319 | 32 762 034 |
| **Total** | **60 327 975** | **37 147 919** |
| ***(Refuse): Ageing*** | | |
| Current (0 - 30 days) | 1 504 017 | 1 545 390 |
| 31 - 60 Days | (33 614) | (343) |
| 61 - 90 Days | 688 305 | 768 100 |
| + 90 Days | 27 440 631 | 18 102 194 |
| **Total** | **29 599 338** | **20 415 341** |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **15** | **RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)** | | |
| | ***(Sewerage): Ageing*** | | |
| | Current (0 - 30 days) | 3 220 370 | 3 205 695 |
| | 31 - 60 Days | (4 778) | (491) |
| | 61 - 90 Days | 1 614 266 | 1 581 910 |
| | + 90 Days | 57 598 799 | 37 678 338 |
| | **Total** | **62 428 658** | **42 465 452** |
| | ***(Other): Ageing*** | | |
| | Current (0 - 30 days) | 301 279 | 23 244 |
| | 31 - 60 Days | (120 736) | - |
| | 61 - 90 Days | 91 580 | (2 921 464) |
| | + 90 Days | 14 720 919 | 35 919 152 |
| | **Total** | **14 993 043** | **33 020 932** |
| | ***(Total): Ageing*** | | |
| | Current (0 - 30 days) | 9 874 257 | 13 203 718 |
| | 31 - 60 Days | (2 488 272) | (314 014) |
| | 61 - 90 Days | 3 754 434 | 2 252 837 |
| | + 90 Days | 219 698 509 | 171 052 972 |
| | **Total** | **230 838 928** | **186 195 513** |
| | **Reconciliation of Provision for Bad Debts** | | |
| | Balance at beginning of year | (145 403 845) | (126 855 483) |
| | Contribution to provision/(Reversal of provision) | (81 641 046) | (18 548 362) |
| | **Balance at end of year** | **(227 044 891)** | **(145 403 845)** |

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009.

The municipality decided to early adopt the GRAP 104 on 30 June 2012 and the impact of the above is that payables from exchange transactions need not to be discounted with effective interest rate method. The early adoption require the effects be adjusted retrospectively where practicable in accordance with the requirements of GRAP 104, GRAP 3 and ASB Directive 4.

The municipality did not previously discount the payables from exchange transactions and therefore are there no effect on the comparative balances.

| | | | |
|---|---|---|---|
| **16** | **RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS** | | |
| | Rates | 74 402 676 | 64 819 341 |
| | Sundry Debtors | 1 048 440 | 882 247 |
| | **Total Receivables from Non-Exchange Transactions** | **75 451 116** | **65 701 588** |
| | Less: Allowance for Doubtful Debts | (73 196 441) | (50 494 726) |
| | **Total Net Receivables from Non-Exchange Transactions** | **2 254 675** | **15 206 862** |

Ageing of Receivables from Non-Exchange Transactions:

| | | |
|---|---|---|
| **(Rates): Ageing** | | |
| Current (0 - 30 days) | 2 022 074 | 2 335 732 |
| 31 - 60 Days | (729 352) | (710 015) |
| 61 - 90 Days | 724 349 | 1 134 567 |
| + 90 Days | 72 385 606 | 62 059 058 |
| **Total** | **74 402 676** | **64 819 342** |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **16** | **RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)** | | |
| | **Reconciliation of Provision for Bad Debts** | | |
| | Balance at beginning of year | (50 494 726) | (39 722 900) |
| | Contribution to provision/(Reversal of provision) | (22 701 715) | (10 771 826) |
| | **Balance at end of year** | **(73 196 441)** | **(50 494 726)** |

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009.

The municipality decided to early adopt the GRAP 104 on 30 June 2012 and the impact of the above is that payables from exchange transactions need not to be discounted with effective interest rate method. The early adoption require the effects be adjusted retrospectively where practicable in accordance with the requirements of GRAP 104, GRAP 3 and ASB Directive 4.

The municipality did not previously discount the payables from exchange transactions and therefore are there no effect on the comparative balances.

**Sundry Debtors**

According to section 1 of the Government Gazette notice number 35962 dated 7 December 2012 on the Determination of upper limits of salaries, allowances and benefits of different members of municipal councils "total remuneration package" is the total cost to a municipality of a basic salary component, a traveling allowance as provided in terms of 6(a) and 9(a), a housing allowance as provided in terms of 6(b) and 9(b), the municipal contribution to a pension fund as provided in item 12(a) and the municipal contribution to a medical aid scheme as provided in item 12(b) to a councilor in a municipal financial year. Included in the sundry debtors are an amount of (2013: R628 326) which consist of the councilors salaries that exceeded their upper limits.

| | | | |
|---|---|---|---|
| **17** | **CASH AND CASH EQUIVALENTS** | | |
| | **Assets** | | |
| | Call Deposits accounts | 1 083 814 | 2 730 999 |
| | Primary Bank Account | 2 494 383 | 3 534 895 |
| | Cash Floats | - | 8 117 |
| | Other Cash and Cash Equivalents | - | 24 699 |
| | **Total Cash and Cash Equivalents - Assets** | **3 578 197** | **6 298 710** |

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

**Current Accounts**

| | | |
|---|---|---|
| ABSA Bank: Cheque Account nr 40-5351-7822 | 2 494 383 | 3 534 895 |
| | **2 494 383** | **3 534 895** |

| | | |
|---|---|---|
| **ABSA Bank: Cheque Account nr 40-5351-7822** | | |
| Cash book balance at beginning of year | 3 534 895 | 417 941 |
| Cash book balance at end of year | 2 494 383 | 3 534 895 |

**Call Deposits accounts**

Call investment deposits consist out of the following accounts:

| | | |
|---|---|---|
| Call Deposits accounts | 1 083 814 | 2 730 999 |
| | **1 083 814** | **2 730 999** |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **17** | **CASH AND CASH EQUIVALENTS (CONTINUE)** | | |
| | **Call Deposits accounts** | | |
| | ABSA Bank Account nr 90 6109 6643 | 1 000 | 1 688 448 |
| | ABSA Bank Account nr 20 4640 4292 | 12 843 | 11 620 |
| | ABSA Bank Account nr 20 4900 4718 | 22 348 | 21 242 |
| | ABSA Bank Account nr 91 0161 0864 | 1 047 623 | 1 009 689 |
| | | **1 083 814** | **2 730 999** |

None of the above accounts are provided as securities.

No restrictions have been placed on the use of cash and cash equivalents for the operations of the entity.

| | | | |
|---|---|---|---|
| **18** | **PROPERTY TAXES** | | |
| | ***Actual*** | | |
| | **Rateable Land and Buildings** | 18 755 366 | 17 984 969 |
| | Residential, Commercial Property, State | 18 755 366 | 17 984 969 |
| | Less: Rebates | (3 125 571) | (2 909 197) |
| | **Total Assessment Rates** | **15 629 795** | **15 075 772** |
| | ***Valuations*** | | |
| | **Rateable Land and Buildings** | **R'000** | **R'000** |
| | Residential | 727 276 | 672 722 |
| | Business & Commercial | 103 933 | 208 899 |
| | Government | 76 706 | 56 225 |
| | Agricultural | 1 552 702 | 1 805 358 |
| | **Total Assessment Rates** | **2 460 617** | **2 743 204** |

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

| | | |
|---|---|---|
| **Rates:** | c/R | c/R |
| Residential | 0.01272 | 0.01200 |
| Commercial | 0.02544 | 0.02400 |
| Agricultural | 0.00318 | 0.00300 |

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

Rates payable on an annual basis will be subject to a discount of 5% if paid in full on or before 30 September of each year. Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.

| | | | |
|---|---|---|---|
| **19** | **GOVERNMENT GRANTS AND SUBSIDIES** | | |
| | **Unconditional Grants** | **81 611 000** | **81 091 000** |
| | Equitable Share | 81 611 000 | 81 091 000 |
| | **Conditional Grants** | **50 764 794** | **39 376 462** |
| | Grants and subsidies | 50 764 794 | 39 376 462 |
| | **Total Government Grants and Subsidies** | **132 375 794** | **120 467 462** |

The municipality does not expect any significant changes to the level of grants.

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **19** | **GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)** | | |
| **19.01** | **Equitable share** | | |
| | Opening balance | - | - |
| | Grants received | 81 611 000 | 81 091 000 |
| | Conditions met | (81 611 000) | (81 091 000) |
| | Conditions still to be met/(Grant expenditure to be recovered) | - | - |

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. The grant is used to subsidise the provision of basic service to the community.

| | | | |
|---|---|---|---|
| **19.02** | **Municipal Infrastructure Grant (MIG)** | | |
| | Opening balance | 7 888 682 | - |
| | Grants received | 34 921 000 | 36 782 000 |
| | Conditions met | (34 921 000) | (28 893 318) |
| | Surrendered | (7 888 682) | - |
| | Conditions still to be met/Unspend portion | - | 7 888 682 |

This grant was used construct municipal infrastructure to provide basic services for the benefit of the poor households. The conditions of the grants were met.

| | | | |
|---|---|---|---|
| **19.03** | **Local Government Financial Management Grant (FMG)** | | |
| | Opening balance | - | - |
| | Grants received | 1 650 000 | 1 500 000 |
| | Conditions met | (1 650 000) | (1 500 000) |
| | Conditions still to be met | - | - |

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

| | | | |
|---|---|---|---|
| **19.04** | **Municipal Systems Improvement Grant** | | |
| | Opening balance | - | - |
| | Grants received | 890 000 | 800 000 |
| | Conditions met | (890 000) | (800 000) |
| | Conditions still to be met | - | - |

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

| | | | |
|---|---|---|---|
| **19.05** | **Local Government Sector Education Training Authority (LGSETA)** | | |
| | Opening balance | - | - |
| | Grants received | 80 233 | 265 070 |
| | Conditions met | (80 233) | (265 070) |
| | Grant expenditure to be recovered | - | - |

LGSETA grants are paid to the municipality for skills development projects linked to scarce and critical skills. The purpose of these grant is encourage the municipality to contribute towards the achievement of the objectives of the Human Resources Development Strategy (HRDS), the National Skills Development Strategy (NSDS), and the LGSETA Sector Skills Plan (SSP).

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **19.06** | **Regional Bulk Infrastructure Grant** | | |
| | Opening balance | (717 828) | - |
| | Grants received | 15 563 434 | 6 749 075 |
| | Conditions met | (12 219 383) | (7 466 904) |
| | Grant expenditure to be recovered | 2 626 223 | (717 828) |

The purpose of this grant is to develop infrastructure required to connect or a augment a water resource, to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area with the municipality.

| | | | |
|---|---|---|---|
| **19.07** | **Expanded Public Works Programme Integrated Grant for Municipalities** | | |
| | Opening balance | - | - |
| | Grants received | 1 000 000 | 1 169 000 |
| | Conditions met | (1 000 000) | (1 169 000) |
| | Conditions still to be met | - | - |

The purpose of this grant is to improve the quality of life of poor people and increase social stability through engaging the previously unemployed in paid and productive activities, to reduce levels of poverty, contribute towards increased levels of employment and improve opportunities for sustainable work through experience and learning.

| | | | |
|---|---|---|---|
| **19.08** | **Total Grants** | | |
| | Opening balance | 7 170 854 | - |
| | Grants received | 135 715 667 | 128 356 145 |
| | Conditions met | (132 371 616) | (121 185 291) |
| | Surrendered | (7 888 682) | - |
| | Write off - Irrecoverable grant expenditure | - | - |
| | Conditions still to be met/(Grant expenditure to be recovered) | **2 626 223** | **7 170 854** |

| | | | |
|---|---|---|---|
| **20** | **SERVICE CHARGES** | | |
| | Electricity | 20 416 065 | 21 817 961 |
| | Water | 25 335 698 | 15 760 310 |
| | Sewerage | 20 041 906 | 18 289 647 |
| | Refuse removal | 9 803 998 | 9 066 312 |
| | Other service charges | 3 247 | 3 426 |
| | | 75 600 914 | 64 937 655 |
| | Less: Rebates & discounts | (8 363 750) | (3 929 349) |
| | **Total Service Charges** | **67 237 164** | **61 008 306** |

| | | | |
|---|---|---|---|
| **21** | **OTHER INCOME** | | |
| | Sundry income | 334 159 | 267 519 |
| | Donations received | 9 800 | - |
| | Reverse of provision for retention fees | 168 | (0) |
| | Profit on the exchange of lease assets | - | 2 981 651 |
| | Grave Fees | 91 984 | 118 821 |
| | **Total Other Income** | **436 110** | **3 367 991** |

Sundry income represents sundry income such as copies, tender deposit, clearance certificate fees and reconnection fees.

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **22** | **EMPLOYEE RELATED COSTS** | | |
| | Employee related cost - Salaries and wages | 41 924 942 | 35 272 113 |
| | Bonus | 2 804 766 | 3 169 380 |
| | Medical Aid - company contributions | 2 568 748 | 2 429 171 |
| | UIF | 298 180 | 448 203 |
| | Compensation fund provision | 399 406 | 412 219 |
| | SDL | 442 224 | 448 061 |
| | Other payroll levies | 32 206 | 32 931 |
| | Provision Leave | 1 549 860 | 1 073 808 |
| | Contributions to Pension and Provident funds | 4 409 774 | 5 098 719 |
| | Post-employment benefits | 278 765 | 149 398 |
| | Overtime payments | 2 715 277 | 2 633 125 |
| | Housing Benefits and allowances | 9 802 | 65 878 |
| | Allowance: Cell Phones | 427 391 | 506 193 |
| | Allowance: Locomotion - Fixed | 3 504 775 | 3 636 794 |
| | Allowance: Standby | 182 829 | 385 704 |
| | Allowance: Sundry | 92 622 | 92 619 |
| | **Total Employee Related Costs** | **61 641 569** | **55 854 317** |

**KEY MANAGEMENT PERSONNEL**

Municipal Manager and all other Directors are appointed on fixed term contracts.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

| | | |
|---|---|---|
| **Remuneration of the Previous Municipal Manager - Mr Mpakane** | | |
| Annual Remuneration | - | 135 392 |
| Travel, motor car, accommodation, subsistence and other allowances | - | 122 602 |
| Contributions to UIF, Medical and Pension Funds | - | 3 003 |
| **Total** | **-** | **260 997** |
| **Remuneration of Municipal Manager - Mr Mtakati** | | |
| Annual Remuneration | 794 983 | 574 359 |
| Travel, motor car, accommodation, subsistence and other allowances | 361 539 | 250 641 |
| Contributions to UIF, Medical and Pension Funds | 12 627 | 9 087 |
| **Total** | **1 169 148** | **834 087** |
| **Remuneration of Chief Financial Officer - Mr L I Tlatsi** | | |
| Annual Remuneration | 56 417 | 134 451 |
| Travel, motor car, accommodation, subsistence and other allowances | - | 112 358 |
| Contributions to UIF, Medical and Pension Funds | - | 2 419 |
| **Total** | **56 417** | **249 227** |
| **Remuneration of Chief Financial Officer - Ms M Mokoena** | | |
| Annual Remuneration | 462 042 | 285 139 |
| Travel, motor car, accommodation, subsistence and other allowances | 173 127 | 139 617 |
| Contributions to UIF, Medical and Pension Funds | 8 477 | 4 712 |
| **Total** | **643 646** | **429 468** |
| **Remuneration of Acting Chief Financial Officer - Ms NC Mekana** | | |
| Annual Remuneration | 110 648 | - |
| Acting allowance | 289 092 | |
| Travel, motor car, accommodation, subsistence and other allowances | 6 120 | - |
| Contributions to UIF, Medical and Pension Funds | 27 916 | - |
| **Total** | **433 776** | - |
| **Remuneration of Corporate Service Manager - Mr S J Lehloenya** | | |
| Annual Remuneration | 104 783 | 213 632 |
| Travel, motor car, accommodation, subsistence and other allowances | - | 98 564 |
| Contributions to UIF, Medical and Pension Funds | - | 3 450 |
| **Total** | **104 783** | **315 646** |
| **Remuneration of Corporate Services Manager - Mr M.D Nthau** | | |
| Annual Remuneration | 461 537 | 150 000 |
| Travel, motor car, accommodation, subsistence and other allowances | 300 000 | 100 000 |
| Contributions to UIF, Medical and Pension Funds | 28 547 | 10 841 |
| **Total** | **790 084** | **260 841** |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **22** | **EMPLOYEE RELATED COSTS (CONTINUE)** | | |
| | **Remuneration of Previous Community and Social Services Manager - Me M E Maphobole (Acting Municipal Manager)** | | |
| | Annual Remuneration | 740 210 | 471 281 |
| | Travel, motor car, accommodation, subsistence and other allowances | 180 000 | 115 384 |
| | Contributions to UIF, Medical and Pension Funds | 9 817 | 6 825 |
| | **Total** | **930 027** | **593 490** |
| | **Remuneration of Infrastructure Director - T B Maja** | | |
| | Annual Remuneration | 360 051 | **698 159** |
| | Travel, motor car, accommodation, subsistence and other allowances | 90 000 | **120 000** |
| | Contributions to UIF, Medical and Pension Funds | 5 380 | **9 654** |
| | **Total** | **455 431** | **827 813** |
| | **Remuneration of Acting Chief Financial Officer - Mr J Vermeulen** | | |
| | Annual Remuneration | - | 195 000 |
| | Travel, motor car, accommodation, subsistence and other allowances | - | - |
| | Contributions to UIF, Medical and Pension Funds | - | - |
| | | **-** | **195 000** |
| **23** | **REMUNERATION OF COUNCILLORS** | | |
| | Mayor | 689 626 | 676 209 |
| | Speaker | 558 451 | 562 100 |
| | Councillors | 4 190 583 | 3 409 648 |
| | **Total Councillors' Remuneration** | **5 438 660** | **4 647 958** |

The Executive Mayor and all the committee members are full-time. The Mayor are provided with secretarial support and an office at the cost of the Council.

| | | | |
|---|---|---|---|
| **24** | **DEBT IMPAIRMENT** | | |
| | Contribution to provision for receivables from exchange and non-exchange transactions | 91 543 905 | 25 687 772 |
| | Bad debts written off | - | 202 056 |
| | **Total Contribution to Debt Impairment** | **91 543 905** | **25 889 828** |
| **25** | **DEPRECIATION AND IMPAIRMENT** | | |
| | Property Plant and Equipment | 27 939 578 | 68 367 726 |
| | Investment Property | 850 491 | 1 474 136 |
| | | **28 790 069** | **69 841 863** |
| **26** | **FINANCE CHARGES** | | |
| | Trade and Other payables | 340 363 | - |
| | Other liabilities at amortised cost | 539 477 | 355 583 |
| | Borrowings | 643 127 | 4 819 |
| | Finance leases at amortised cost | 134 145 | 213 463 |
| | Actuarial Interest | - | 511 099 |
| | **Total finance charges** | **1 657 112** | **1 084 964** |
| **27** | **BULK PURCHASES** | | |
| | Electricity | 27 954 058 | 35 525 678 |
| | Water | 3 926 845 | 4 064 484 |
| | **Total Bulk Purchases** | **31 880 903** | **39 590 162** |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **28** | **GENERAL EXPENSES** | | |
| | Advertising | 1 484 880 | 845 510 |
| | Audit fees | 2 590 285 | 2 595 376 |
| | Bank charges | 449 548 | 355 510 |
| | Chemicals | 3 573 539 | 2 836 669 |
| | Cleaning | - | 662 |
| | Community development and training | 388 506 | 262 566 |
| | Consulting and professional fees | 12 489 904 | 9 352 116 |
| | Consumables | 172 599 | 176 947 |
| | Entertainment | 206 119 | 136 813 |
| | Fuel and oil | 1 072 302 | 2 031 627 |
| | IDP review | - | 1 247 281 |
| | Indigent Support | - | 20 257 |
| | Insurance | (45 715) | 9 997 |
| | Lease rentals on operating lease | 1 533 972 | 1 042 672 |
| | Licence & Registration - Vehicles | 2 777 816 | 407 905 |
| | Licence Fees - Financial System | 718 510 | 887 859 |
| | Magazines, books and periodicals | 335 996 | 448 919 |
| | Motor vehicle expenses | - | - |
| | Other Expenses | 2 756 453 | 241 940 |
| | Pauper Burials | 27 263 | 18 000 |
| | Postage and courier | 415 590 | 587 082 |
| | Printing and stationary | 189 948 | 375 494 |
| | Security (Guarding of municipal property) | 83 753 | 277 824 |
| | Software expenses | 131 353 | 42 795 |
| | Subscriptions and membership fees | 469 967 | 415 000 |
| | Telephone and fax | 3 574 502 | 2 702 402 |
| | Training | 1 925 261 | 623 620 |
| | Travel, Accom. and Subsistence | 1 028 797 | 846 582 |
| | Uniforms | 731 827 | 338 981 |
| | General Expenses | **39 082 979** | **29 128 405** |

**29 CORRECTION OF ERROR IN TERMS OF GRAP 3**

Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.

**EFFECT OF CORRECTION ON THE ACCUMULATED SURPLUS/DEFICIT**

| | |
|---|---|
| Correction of errors | 76 885 160 |
| Changes in the statement of financial performance | 53 426 256 |
| Changes in the statement of financial position | 23 458 905 |
| **EFFECTS OF CORRECTIONS ON STATEMENT OF FINANCIAL PERFORMANCE** | **53 426 256** |

**29.01 BULK PURCHASES**

| | |
|---|---|
| Bulk Purchases (Previously reported) | 31 972 646 |
| Correction of error | 7 617 516 |
| Bulk Purchases (Restated) | 39 590 162 |

The municipality did not previously recorded all bulk purchases. Payables from exchange transactions and bulks purchases increased with R7 617 516 with the correction.

**29.02 EMPLOYEE RELATED COSTS**

| | |
|---|---|
| Employee related cost (Previously reported) | 55 841 908 |
| Correction of error | 12 409 |
| Employee related cost (Restated) | 55 854 317 |

The municipality did not previously recorded all travel and subsistence expenditure. This expenditure were increased with the amount of R12 409. The impact this correction are the increase in the employee related cost and payables from exchange transactions with R12 409

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **29** | **CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)** | | |
| **29.03** | **REPAIRS AND MIANTANANCE** | | |
| | Repairs and maintenance (Previously reported) | | 7 131 459 |
| | Correction of error | | 17 602 |
| | Repairs and maintenance (Restated) | | **7 149 061** |

The municipality previously did not record all expenditure in the comparative figures in the prior year. The impact of the correction increased the expenditure and payables from exchange transactions with R17 602.

| | | | |
|---|---|---|---|
| **29.04** | **GENERAL EXPENSES** | | |
| | General expenses (Previously reported) | | 27 174 687 |
| | Correction of error | | 1 953 718 |
| | General expenses (Restated) | | **29 128 405** |

The municipality previously did not record all expenditure transactions in the prior financial year. The impact of the correction resulted in the increase in general expenses and payables from exchange transactions with R1 953 718.

| | | | |
|---|---|---|---|
| **29.05** | **DEPRECIATION** | | |
| | Depreciation (Previously reported) | | 26 016 852 |
| | Correction of error | | 43 825 011 |
| | Depreciation (Restated) | | 69 841 863 |

The municipality updated, assessed the conditions of the assets, assessed the useful lives and componentised the assets. The effect of these amendments are a increase in depreciation and accumulated depreciation with R43 825 010.

| | | | |
|---|---|---|---|
| | **EFFECTS OF CORRECTIONS OF THE STATEMENT OF FINANCIAL POSITION** | | **23 458 905** |
| **29.06** | **INVENTORY** | | |
| | Inventory (Previously reported) | | 140 533 |
| | Correction of error | | (133 756) |
| | Inventory (Restated) | | 6 777 |

The municipality does not have an internal system to record and issue inventory. As the inventory are not significant the municipality opted to expense all inventory purchased during the year. The effect if the decrease in inventory and increase in general expenses with R133 756.

| | | | |
|---|---|---|---|
| **29.07** | **PAYABLES FROM EXCHANGE TRANSACTIONS** | | |
| | Payables from exchange transactions (Previously reported) | | 34 362 718 |
| | Correction of error | | 9 066 385 |
| | Payables from exchange transactions (Restated) | | 43 429 103 |

The municipality previously did not recognise all expenditure and supplier balance at year end. The effect of the correction are increase in bulk purchases with R7 617 516, general expenses with R1 953 718, employee related cost with R12 409, repairs and maintenance with R17 602 and payables from exchange transactions with R9 066 385.

| | | | |
|---|---|---|---|
| **29.08** | **PROPERTY, PLANT AND EQUIPMENT** | | |
| | Property, plant and equipment (Previously reported) | | 506 823 825 |
| | Correction of error | | 14 526 276 |
| | Property, plant and equipment (Restated) | | 521 350 101 |

The municipality updated, assessed the conditions of the assets, assessed the useful lives and componentised the assets. The effect of these amendments are a increase in property, plant and equipment and increase in accumulated surplus with R14 526 276.

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **30** | **RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH** | | |
| | Surplus/(Deficit) for the year | (44 311 045) | (19 383 300) |
| | **Adjustments for:** | | |
| | Depreciation and impairment | 28 790 069 | 69 841 863 |
| | Gain on disposal of property, plant and equipment | - | (2 981 651) |
| | Debt Impairment | 91 543 905 | 25 889 828 |
| | Contribution to landfill site provision | 3 719 592 | - |
| | Contribution from/to employee benefits | - | 852 004 |
| | Actuarial Losses / (Gains) | 2 377 | 45 034 |
| | Fair Value Adjustments | (2 509) | (6 666) |
| | Operating Surplus/(Deficit) before changes in working capital | 79 742 389 | 74 257 112 |
| | Changes in working capital | (32 170 715) | (42 332 969) |
| | Increase/(Decrease) in Trade and Other Payables | 17 051 235 | 12 184 752 |
| | Increase/(Decrease) in Consumer Deposits | 71 499 | 62 838 |
| | Increase/(Decrease) in Unspent Conditional Government Grants and Receipts | (4 544 631) | 7 170 854 |
| | Increase/(Decrease) in Taxes | (3 162 320) | (2 185 939) |
| | (Increase)/Decrease in Inventory | (7 578) | 139 366 |
| | (Increase)/Decrease in Receivables from exchange transactions | (34 617 322) | (39 913 329) |
| | (Increase)/Decrease in Receivables from non-exchange transactions | (6 961 598) | (19 791 511) |
| | **Cash generated/(absorbed) by operations** | **47 571 674** | **31 924 143** |
| **31** | **CASH AND CASH EQUIVALENTS** | | |
| | Cash and cash equivalents included in the cash flow statement comprise the following: | | |
| | Call Investments Deposits - Note 17 | 1 083 814 | 2 730 999 |
| | Cash Float - Note 17 | - | 8 117 |
| | Primary Bank Account - Note 17 | 2 494 383 | 3 534 895 |
| | Other Cash and Cash Equivalents - Note 17 | - | 24 699 |
| | **Total cash and cash equivalents** | **3 578 197** | **6 298 710** |
| | **RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES** | | |
| | Cash and Cash Equivalents - Note 31 | 3 578 197 | 6 298 710 |
| | Cash and Cash Equivalents - Note 31 | 3 578 197 | 6 298 710 |
| | Less: | 8 053 743 | 16 478 522 |
| | Unspent Committed Conditional Grants - Note 9 | 2 626 223 | 7 888 682 |
| | VAT - Note 10 | 5 427 520 | 8 589 840 |
| | **Resources available/(unavailable) for working capital requirements** | **(4 475 546)** | **(10 179 812)** |

| | 2014<br>R | 2013<br>R |
|---|---|---|

## 32 BUDGET COMPARISONS

### ACTUAL INCOME AND EXPENDITURE COMPARED TO ADJUSTED BUDGET

| 32.1 Operational | 2014<br>R<br>(Actual) | 2014<br>R<br>(Budget) | 2014<br>R<br>(Variance) | 2014<br>(%) |
|---|---|---|---|---|
| **Revenue by source** | | | | |
| Fines | 16 005 | 225 000 | (208 995) | (93%) |
| Government Grants and Subsidies | 132 375 794 | 138 042 000 | (5 666 206) | (4%) |
| Interest Earned - external investments | 315 803 | 1 198 | 314 605 | 26272% |
| Other Income | 436 110 | 1 571 480 | (1 135 369) | (72%) |
| Property Rates | 15 629 795 | 16 280 450 | (650 655) | (4%) |
| Rental of Facilities and Equipment | 244 250 | 51 235 | 193 015 | 377% |
| Interest Earned - outstanding debtors | 7 187 180 | 6 000 000 | 1 187 180 | 20% |
| Service Charges | 67 237 164 | 67 042 357 | 194 807 | 0% |
| Dividends received | 5 026 | 10 804 | (5 778) | (53%) |
| Fair Value Adjustments | 2 509 | - | 2 509 | 100% |
| | 223 449 636 | 229 224 524 | (5 774 888) | (3%) |
| **Expenditure by nature** | | | | |
| Bulk Purchases | 31 880 903 | 36 634 750 | 4 753 847 | (13%) |
| Capital expenditure | - | 5 774 735 | 5 774 735 | (100%) |
| Debt Impairment | 91 543 905 | 6 578 433 | (84 965 473) | 1292% |
| Depreciation and Impairment | 28 790 069 | 6 400 | (28 783 669) | 449745% |
| Employee Related Costs | 61 641 569 | 63 937 380 | 2 295 811 | (4%) |
| Finance Charges | 1 657 112 | 1 315 716 | (341 396) | 26% |
| Actuarial losses | 2 377 | - | (2 377) | (100%) |
| General Expenses | 39 082 979 | 40 630 255 | 1 547 277 | (4%) |
| Remuneration of Councillors | 5 438 660 | 6 285 000 | 846 340 | (13%) |
| Repairs and Maintenance | 7 723 108 | 16 134 234 | 8 411 126 | (52%) |
| | 267 760 681 | 177 296 902 | (90 463 779) | 51% |
| **Net Surplus for the year** | **(44 311 045)** | **51 927 622** | **(96 238 667)** | -185% |

The following explanations are provided by the municipality for the significant variances:

**Fines**
It was anticipated that traffic officers would be recruited and enhance the revenue by fines, however they weren't

**Interest Earned - external investments**
Interest was under-anticipated

**Other Income**
Other Income was under anticipated .

**Property Rates**
Actual was less than budgeted.

**Interest Earned - outstanding debtors**
The original budget was R12 000 000 which was adjusted to R6000 000 due to actuals at bi-annual, which resulted in under-budget.

**Bulk Purchases**
Actual was less than budgeted

**Capital expenditure**
The budgeted were not met.

**Debt Impairment**
The budgeted were not met.

**Depreciation and Impairment**
As the depreciation on all assets is only calculated once a year a variance will reflect against the budget. With the compilation of the Annual Financial Statements the amount of depreciation will be determined from the updated fixed asset register and will then be included in the general ledger by means of a journal. The under-estimation of the depreciation are also contributed due to the fact the conditions of the assets are only known at year end and not during the compilation of the budget.

**Employee Related Costs**
Actual is less than budgeted because some vacancies were not filled.

**Finance charges and actuarial losses**
The following was accidentally omitted when budget for finance charges: Actuarial Interests, Finance Leases interest and other liabilities at amortised cost were not determined during the budget estimations.

| | 2014<br>R | 2013<br>R |
|---|---|---|

**32 BUDGET COMPARISONS (CONTINUE)**

**General Expenses**

Due to cash flow constrains and the financial position of the Municipality cost cutting measures were implemented to decrease the cost on general expenses for the financial year.

**Repairs and Maintenance**

Due to cash flow constrains and the financial position of the Municipality cost cutting measures were implemented to decrease the cost on general expenses for the financial year.

**32.2 Expenditure by Vote**

| | 2014<br>R<br>(Actual) | 2014<br>R<br>(Budget) | 2014<br>R<br>(Variance) | 2014<br>(%) |
|---|---|---|---|---|
| Cemeteries | 628 953 | 2 293 034 | (1 664 081) | (73%) |
| Community & Social Services | 3 544 676 | 5 623 344 | (2 078 668) | (37%) |
| Corporate Services | 21 258 240 | 12 634 628 | 8 623 612 | 68% |
| Council General | 9 028 554 | 6 597 258 | 2 431 296 | 37% |
| Electricity | 29 291 900 | 39 973 002 | (10 681 102) | (27%) |
| Financial Services | 134 019 237 | 20 177 828 | 113 841 409 | 564% |
| Housing | 1 721 496 | 1 217 468 | 504 029 | 41% |
| Libraries | 1 229 120 | 1 200 145 | 28 975 | 2% |
| Municipal Manager | 9 799 443 | 13 089 324 | (3 289 881) | (25%) |
| Office of the Mayor | 3 087 060 | 4 242 831 | (1 155 771) | (27%) |
| Office of the Speaker | 2 500 434 | 2 314 319 | 186 115 | 8% |
| Parks and Recreation | 2 059 381 | 4 091 538 | (2 032 157) | (50%) |
| Properties | - | 1 377 832 | (1 377 832) | (100%) |
| Public Works | 13 181 776 | 14 193 206 | (1 011 431) | (7%) |
| Rates | 1 026 147 | 2 171 462 | (1 145 315) | (53%) |
| Refuse | 4 607 476 | 7 177 612 | (2 570 136) | (36%) |
| Remuneration of councillors | 2 312 614 | - | 2 312 614 | 100% |
| Sewerage | 3 914 882 | 15 286 654 | (11 371 772) | (74%) |
| Town Hall & Offices | 1 513 154 | 2 751 896 | (1 238 742) | (45%) |
| Traffic | 89 981 | 1 902 771 | (1 812 790) | (95%) |
| Water | 22 946 157 | 20 812 739 | 2 133 418 | 10% |
| | **267 760 681** | **179 128 892** | **88 631 789** | **49%** |

Details of material variances: Implementation of GRAP: Allocation according to GRAP line items and new GRAP line items as depreciation, actuarial losses and debt impairment.

**32.3 Reconciliation between budget and actual expenditure**

| | | | | |
|---|---|---|---|---|
| Cemeteries | 628 953 | 2 293 034 | (1 664 081) | -73% |
| Community & Social Services | 3 544 676 | 5 623 344 | (2 078 668) | -37% |
| Corporate Services | 21 258 240 | 12 634 628 | 8 623 612 | 68% |
| Council General | 9 028 554 | 6 597 258 | 2 431 296 | 37% |
| Electricity | 29 291 900 | 39 973 002 | (10 681 102) | -27% |
| Financial Services | 134 019 237 | 20 177 828 | 113 841 409 | 564% |
| Housing | 1 721 496 | 1 217 468 | 504 029 | 41% |
| Libraries | 1 229 120 | 1 200 145 | 28 975 | 2% |
| Municipal Manager | 9 799 443 | 13 089 324 | (3 289 881) | -25% |
| Office of the Mayor | 3 087 060 | 4 242 831 | (1 155 771) | -27% |
| Office of the Speaker | 2 500 434 | 2 314 319 | 186 115 | 8% |
| Parks and Recreation | 2 059 381 | 4 091 538 | (2 032 157) | -50% |
| Properties | - | 1 377 832 | (1 377 832) | -100% |
| Public Works | 13 181 776 | 14 193 206 | (1 011 431) | -7% |
| Rates | 1 026 147 | 2 171 462 | (1 145 315) | -53% |
| Refuse | 4 607 476 | 7 177 612 | (2 570 136) | -36% |
| Remuneration of councillors | 2 312 614 | - | 2 312 614 | 100% |
| Sewerage | 3 914 882 | 15 286 654 | (11 371 772) | -74% |
| Town Hall & Offices | 1 513 154 | 2 751 896 | (1 238 742) | -45% |
| Traffic | 89 981 | 1 902 771 | (1 812 790) | -95% |
| Water | 22 946 157 | 20 812 739 | 2 133 418 | 10% |
| | **267 760 681** | **179 128 892** | **88 631 789** | **49%** |

The municipality does not consider significant non-cash flow expenditure during the preparation of their budget for the year. To ensure that readers do not misinterpret financial information are significant non-cash flow items highlighted and reconciled from the actual expenditure to the budgeted expenditure.

| | 2014<br>R | 2013<br>R |
|---|---|---|
| **TOTAL ACTUAL EXPENDITURE WITH NON-CASHFLOW ITEMS** | | |
| **Corporate Services** | | 8 623 612 |
| Increase in the provision for leave not included in the budget | | (1 549 860) |
| | | 7 073 752 |
| **Financial Services** | | 113 841 409 |
| Increase in the provision for bonuses not included in budget | | (99 831) |
| Increase in the provision for doubtful debts | | (91 543 905) |
| Actual depreciation recognised for the year | | (27 939 578) |
| | | (5 741 905) |

**32.3 FINAL BUDGET COMPARED TO ADJUSTED BUDGET**

| | 2014<br>R<br>(Final budget) | 2014<br>R<br>(Adjustment budget) | 2014<br>R<br>(Variance) | 2014<br>(%) |
|---|---|---|---|---|
| **Operational** | | | | |
| **Revenue by source** | | | | |
| Fines | 225 000 | 225 000 | - | 0% |
| Government Grants and Subsidies | 138 042 000 | 138 042 000 | - | 0% |
| Interest Earned - external investments | 339 458 | 1 198 | 338 260 | 28247% |
| Other Income | 1 511 670 | 1 571 480 | (59 810) | -4% |
| Property Rates | 10 980 450 | 16 280 450 | (5 300 000) | -33% |
| Rental of Facilities and Equipment | 49 979 | 51 235 | (1 257) | -2% |
| Interest Earned - outstanding debtors | 13 200 000 | 6 000 000 | 7 200 000 | 120% |
| Service Charges | 70 687 213 | 67 042 357 | 3 644 856 | 5% |
| Dividends received | 10 804 | 10 804 | - | 0% |
| | 235 046 574 | 229 224 524 | 5 822 050 | **3%** |
| **Expenditure by nature** | | | | |
| Bulk Purchases | 27 434 750 | 36 634 750 | (9 200 000) | -25.1% |
| Capital expenditure | 5 774 735 | 5 774 735 | - | 0.0% |
| Debt Impairment | 29 532 803 | 6 578 433 | 22 954 370 | 348.9% |
| Depreciation and Impairment | 2 006 400 | 6 400 | 2 000 000 | 31250.0% |
| Employee Related Costs | 68 506 310 | 63 937 380 | 4 568 930 | 7.1% |
| Finance Charges | 424 200 | 1 315 716 | (891 516) | -67.8% |
| General Expenses | 31 008 831 | 40 630 255 | (9 621 425) | -23.7% |
| Remuneration of Councillors | 6 285 000 | 6 285 000 | - | 0.0% |
| Repairs and Maintenance | 12 110 234 | 16 134 234 | (4 024 000) | -24.9% |
| | 183 083 262 | 177 296 902 | 5 786 359 | **3%** |

**Explanations for significant variances between the adjustment and final budget**

**Interest Earned - external investments**

Interest received are based on the total cash in the call deposit accounts at the financial institutions. Based on the cash constraints were less cash kept in the call deposit accounts and therefore were the interest adjusted.

**Property Rates**

Collection increased due to cut-off and a less number than anticipated indigent consumers registered for the current year.

**Interest Earned - outstanding debtors**

Total interest income were decreased due to the low collection of the outstanding debt during the year.

**Service Charges**

The variance are as a result of the following:

- Lack of indigent registrations by deserving consumers
- At bi-annual 53% of the original budget was already collected which resulted in 3% adjustment
- Lack of indigent registrations by deserving consumers resulted in the Municipality over budgeting
- At bi-annual 56% of the original udget was already collected which resulted in 7% adjustment
- Lack of indigent registrations by deserving consumers resulted in the Municipality over budgeting
- The purchasing of tenders was higher that the previous year as the original budget was supported by the demand of the previous financial year

**Bulk Purchases**

Increase due to high demand of essential services

**Debt Impairment**

Decrease due to no write-offs had occurred during the fianancial year

| | 2014<br>R | 2013<br>R |
|---|---|---|

## 32 BUDGET COMPARISONS (CONTINUE)

**Employee Related Costs**

Over-budgeted due to vacancies which were not all filled

**Finance Charges**

The vote was used to pay capital and interest on outstanding loans.

**General Expenses**

The variance are as a result of the following:
- Lack of proper monitoring resulted in over-spending on the original budget;
- Insurance claims were less;
- Demand of internet access and cellphones even after office hours to address operations of the municipality;
- More training were arranged by the municipality to capacitated officials;
- The municipality needed more media coverage;
- AG spent more time on the municipality resulting in exhausting the original budget;
- More branding was required to clearly identify municipal property in all units;
- The were more public participation that hat was budgeted for;
- More human support was provided to the municipality due to the upgrade of the financial system;
- The Municipality held less stakeholder meetings than anticipated for the financial year;
- The original budget was not inclusive of vehicle requested from government garage during the financial year;
- More legal cases that what was budgeted for;
- A need of more security arose due to stealing of municipal property;
- Yhe need for strategic support was higher than anticipated which resulted in under-budgeting;
- More training were arranged by the municipality to capacitated officials;

**Repairs and Maintenance**

The variance are as a result of the following:
- Maintenance on gardens was in need;
- The infrastructure is old and needs maintenance now and then, as a result it was under-budgeted in the original budget;
- Due to relocation of offices as a result of armrests in Theunissen;
- The municipality is operating with old plan & equipment which is repaired regularly due to break downs;
- To improve the effective of roads and storm water the original budget was under anticipated;
- The were more breakages of streetlights, and as an essential service there was an adjustment.

## 34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

### 34.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

| | | |
|---|---|---|
| Opening balance | 591 872 637 | 553 676 848 |
| Unauthorised expenditure current year - operating | 7 167 360 | 38 195 789 |
| Unauthorised expenditure awaiting authorisation | **599 039 998** | **591 872 637** |

Unauthorised expenditure on operating votes is mainly due to provisional amounts recognised for

| Incident | Disciplinary steps/criminal proceedings | | |
|---|---|---|---|
| *Over expenditure on votes* | *None* | 7 167 360 | 38 195 789 |
| | | **7 167 360** | **38 195 789** |

### 34.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

| | | |
|---|---|---|
| Opening balance | 1 739 851 | 1 202 546 |
| Fruitless and wasteful expenditure current year | 1 159 249 | 537 305 |
| Written off by council | - | - |
| Fruitless and wasteful expenditure awaiting further action | **2 899 100** | **1 739 851** |

| Incident | Disciplinary steps/criminal proceedings | | |
|---|---|---|---|
| *Interest payments on the late payments of suppliers* | *None* | 65 354 | 15 551 |
| *Interest payments on the late payments of suppliers of water* | *None* | 90 445 | 465 833 |
| *Interest payments on the late payments of suppliers of electricity* | *None* | 677 342 | 44 582 |
| *Interest payment on the late payments long term liabilities* | *None* | 326 109 | 11 339 |
| | | **1 159 249** | **537 305** |

| | 2014<br>R | 2013<br>R |
|---|---|---|

**34.3 Irregular expenditure**

Reconciliation of irregular expenditure:

| | | |
|---|---|---|
| Opening balance | 164 599 892 | 133 071 845 |
| Irregular expenditure excluding VAT current year | 1 299 966 | 31 528 047 |
| Written off by council | - | - |
| Transfer to receivables for recovery | - | - |
| Irregular expenditure awaiting further action | **165 899 858** | **164 599 892** |
| Irregular expenditure awaiting condonement by National Treasury | **165 899 858** | **164 599 892** |

The irregular expenditure is due to supply chain management processes not being followed

| Incident | Disciplinary steps/criminal proceedings | | |
|---|---|---|---|
| Procurement regulations not followed for purchases between R2 000 and R10 000 and no deviation documented. | *None* | 252 946 | 529 153 |
| Procurement regulations not followed for purchases between R10 001 and R30 000 and no deviation documented. | *None* | 217 585 | 2 316 466 |
| Procurement regulations not followed for purchases between R30 001 and R200 000 and no deviation documented. | *None* | 829 436 | 28 682 428 |
| | | **1 299 966** | **31 528 047** |

The full extent of the irregularities of R 165 899 858 (2013: R164 046 667) (2012: R133 071 845), is still in the process of being investigatedas as disclosed in note 34.3

**34.4 Material Losses**

| | | |
|---|---|---|
| **Water distribution losses** | | |
| - Kilo litres disinfected/purified/purchased | 3 960 400 | 3 996 400 |
| - Kilo litres lost during distribution | 419 141 | 1 291 586 |
| - Percentage lost during distribution | 10.58% | 32.32% |
| **Electricity distribution losses** | | |
| - Units purchased (Kwh) | 37 140 297 | 28 565 114 |
| - Units lost during distribution (Kwh) | 21 034 397 | 1 514 176 |
| - Percentage lost during distribution | 56.63% | 5.30% |

**35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**35.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

| | | |
|---|---|---|
| Opening balance | - | - |
| Council subscriptions | 685 060 | 421 000 |
| Amount paid - current year | (7 500) | (421 000) |
| Amount paid - previous years | - | - |
| **Balance unpaid (included in trade creditors)** | **677 560** | **-** |

**35.2 Audit fees - [MFMA 125 (1)(b)]**

| | | |
|---|---|---|
| Opening balance | 1 105 853 | 7 362 |
| Current year audit fee | 3 331 847 | 3 331 847 |
| Amount paid - current year | (2 878 452) | (2 225 905) |
| Amount paid - previous year | - | (7 451) |
| **Balance unpaid (included in trade creditors)** | **1 559 247** | **1 105 853** |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **35.3** | **VAT - [MFMA 125 (1)(b)]** | | |
| | VAT | 5 427 520 | 8 589 840 |
| | **Closing balance - VAT Payable / (Receivable)** | **5 427 520** | **8 589 840** |

The value added tax recoverable from, or payable to, the taxation authority presented in this note and the Statement of Financial Position is on the accrual basis while the municipality is registered on cash basis according to section 15 of the Value-added Tax Act, 1991 (Act 89 of 1991).

The total amount of VAT receivable at 30 June 2014 is R68 059 (30 June 2013: R686 510) on the cash basis. The balance on the accrual basis at 30 June 2014 is R 5 309 806 (30 June 2013: R9 267 350) and this is the net amount payable after all cash receipts of consumers and cash payments to suppliers.

| | | | |
|---|---|---|---|
| **35.4** | **PAYE, SDL and UIF - [MFMA 125 (1)(b)]** | | |
| | Opening balance | 595 349 | 515 673 |
| | Current year payroll deductions and Council Contributions | 5 408 759 | 6 019 271 |
| | Amount paid - current year | (4 795 048) | (5 520 305) |
| | Amount paid - previous year | (595 349) | (419 291) |
| | **Balance unpaid** | **613 711** | **595 349** |

| | | | |
|---|---|---|---|
| **35.5** | **Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]** | | |
| | Opening balance | 1 887 738 | 2 478 069 |
| | Current year payroll deductions and Council Contributions | 12 262 085 | 12 262 085 |
| | Amount paid - current year | (11 454 672) | (11 454 672) |
| | Amount paid - previous year | (1 397 744) | (1 397 744) |
| | **Balance unpaid** | **1 297 407** | **1 887 738** |

**35.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2014:

| | 2014<br>R | 2013<br>R |
|---|---|---|
| | **Outstanding more than 90 days** | |
| Mayor K S Koalane | - | - |
| Speaker S J Mabitla | 1 417 | 6 893 |
| Councillor S C Mangoejane | - | 9 106 |
| Councillor D E Modise | 344 | 560 |
| Councillor I I Majara | 299 | - |
| Councillor J A Pienaar | 132 | 804 |
| Councillor K A Sekharume | - | 2 547 |
| Councillor K P Dichakane | - | 3 390 |
| Councillor L M Moloele | - | 3 824 |
| Councillor V M Lekale | - | 101 |
| Councillor M B Tsoaela | 324 | - |
| Councillor M M Kholumo | 299 | 4 820 |
| Councillor M G Mafa | - | 8 296 |
| Councillor P T Botha | 54 | 1 149 |
| Councillor S L Kgoe | 388 | 392 |
| Councillor T P Ramongalo | 91 | - |
| Councillor T J Chele | 299 | - |
| Councillor X Nqwiliso | - | - |
| Councillor Z P Thuthani | 538 | 19 400 |
| Councillor M Venter | 2 043 | - |
| **Total Councillor Arrear Consumer Accounts** | **6 227** | **61 282** |

| | | 2014 R | 2013 R |
|---|---|---|---|

**35.7 Other non-compliance (MFMA 125(2)(e))**

• Section 75 of the MFMA. Information to be placed on websites of municipalities. The website of Masilonyana Municipality was not functional for the 2010/11 financial year.

• Section 65 of the MFMA. Expenditure management. All money owing by the municipality must be paid within 30 days of receiving the relevant invoices or statement. Masilonyana Municipality did not comply with above section due to serious cash flow problems.

• Section 127(5)(b) of the MFMA. Submission and tabling of annual reports. The annual report was not submitted to the auditor-general before the annual report was tabled.

• Municipal Systems Act – No job descriptions for municipal employees as required by section 66 of the MSA.

## 36 COMMITMENTS

**Commitments in respect of expenditure:**

| | | |
|---|---|---|
| Total approved commitments: | **71 198 704** | **68 825 364** |

This committed expenditure relates to infrastructure development and will be financed by available bank facilities, existing cash resources and government grants and subsidies.

For the disclosure of the commitments per finance lease obligations, refer to note 2 to the financial statements.

## 37 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

| | | |
|---|---|---|
| 1% (2012 - 0.5%) Increase in interest rates | (216 822) | (84 423) |
| 1% (2012 - 0.5%) Decrease in interest rates | 216 822 | 84 423 |

| | 2014<br>R | 2013<br>R |
|---|---|---|

**37 FINANCIAL RISK MANAGEMENT (CONTINUE)**

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables are individually evaluated annually at the Statement of Financial Position date for impairment.

Financial assets exposed to credit risk at year end are as follows:

| | | |
|---|---|---|
| Receivables from exchange transactions | 3 794 038 | 40 791 668 |
| Receivables from non-exchange transactions | 2 254 675 | 15 206 862 |
| Cash and Cash Equivalents | 3 578 197 | 6 298 710 |
| Non-Current Investments | 90 743 | 88 234 |
| Unpaid conditional grants and subsidies | - | 717 828 |
| | 9 717 653 | 63 103 302 |

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| 2014 | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Over 10 Years |
|---|---|---|---|---|
| Long Term liabilities | 1 248 665 | 3 676 340 | 208 548 | - |
| Trade and Other Payables | 45 151 709 | - | - | - |
| | 46 400 374 | 3 676 340 | 208 548 | - |

| | 2014 R | 2013 R |
|---|---|---|

| 2013 | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Over 10 Years |
|---|---|---|---|---|
| Long Term liabilities | 2 344 807 | 3 495 544 | 1 470 536 | - |
| Trade and Other Payables | 43 429 103 | - | - | - |
| | 45 773 910 | 3 495 544 | 1 470 536 | - |

## 38 FINANCIAL INSTRUMENTS

Financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

| 38.1 Financial Assets | Classification | | |
|---|---|---|---|
| **Receivables** | | | |
| Receivables from exchange transactions | Financial instruments at cost | 3 794 038 | 40 791 668 |
| Receivables from non-exchange transactions | Financial instruments at cost | 2 254 675 | 15 206 862 |
| **Bank Balances and Cash** | | | |
| Cash Floats and Advances | Financial instruments at amortised cost | - | 8 117 |
| Primary Bank Account | Financial instruments at amortised cost | 2 494 383 | 3 534 895 |
| Other cash and cash equivalents | Financial instruments at amortised cost | - | 24 699 |
| Call Deposits Accounts | Financial instruments at amortised cost | 1 083 814 | 2 730 999 |
| | | **9 626 910** | **62 297 241** |
| **SUMMARY OF FINANCIAL ASSETS** | | | |
| Financial instruments at amortised cost | | 9 626 910 | 62 297 241 |
| **At amortised cost** | | **9 626 910** | **62 297 241** |

| 38.2 Financial Liability | Classification | | |
|---|---|---|---|
| **Long-term Liabilities** | | | |
| Other financial liabilities | Financial instruments at amortised cost | 2 812 679 | 3 278 858 |
| Capitalised Lease Liability | Financial instruments at amortised cost | (1) | 463 386 |
| **Payables from exchange transactions** | | | |
| Trade Payables | Financial instruments at cost | 31 386 469 | 24 252 253 |
| Sundry Creditors | Financial instruments at cost | 13 765 240 | 19 176 850 |
| **Current Portion of Long-term Liabilities** | | | |
| Other financial liabilities | Financial instruments at amortised cost | 390 916 | 360 803 |
| Capitalised Lease Liability | Financial instruments at amortised cost | 462 709 | 1 416 133 |
| | | **48 818 012** | **48 948 283** |

## 39 EVENTS AFTER THE REPORTING DATE

The municipality performed an subsequent events assessment and no significant matters were identified.

## 40 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

## 41 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|
| **42** | **CONTINGENT LIABILITY** | | |
| | **Bon Accor Safaris (Pty) Ltd; Dal Tempe Boerdery; Barens Jacobus Wessels & Willem Johannes Pienaar**<br>A fire originated on the property of the municipal entity and spread to the plaintiffs above property resulting in damages. The municipal entity is being sued for negligence as a result of the damages. The maximum potential liability is estimated at R1 291 019 (2012: R1 291 019). Partly Heard in High Court, proceeding February 2014. | 1 291 019 | 1 291 019 |
| | **State Attorneys**<br>The Municipal entity failed to display a road signage that resulted in the collision between vehicles and the consequent damages to the State vehicle. The maximum potential liability is estimated at R41 180 (2012: R41 180). No summons received. | 41 180 | 41 180 |
| | **Naledi constructions**<br>The municipal entity entered into a services agreement with the above supplier and has defaulted on payments to the supplier for the service delivered. The maximum potential liability is estimated at R455 015 (2012: R455 015). The Municipality filed a counterclaim of R1 200 000 to Naledi Construction for services delivered to them. | 455 015 | 455 015 |
| | **Masilonyana municipality // R du Toit**<br>Claiming damages to vehicle after driving on municipal road. Await judgment from court | 9 771 | 9 771 |
| | **M M Moseme**<br>Claiming damages to vehicle after driving on municipal road in Brandfort. No summons received | 10 164 | 10 164 |
| | **Landfill sites**<br>The Municipality has five active landfill sites in Theunissen, Brandfort, Windburg, Soutpan and Verkeerdevlei. It has been identified that not all landfill sites are licensed as required by the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).<br>In accordance with section 68(1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), a person convicted of an offence referred to in section 67(1)(a), (g) or (h) is liable to a fine not exceeding R10 000 000 or to imprisonment for a period not exceeding 10 years, or to both such fine and such imprisonment, in addition to any other penalty or award that may be imposed or made.<br>The necessary steps have been taken by the Municipality to obtain the required permits and licenses and the process has been started. | 10 000 000 | 10 000 000 |
| | **Employees leave days in access of 48 days**<br>Section 3.1.5 of SALBC Main Collective Agreement states: Any leave in excess of forty-eight (48) days may be encashed should the employee be unable to take such leave as a result of operational requirements. A contingent liability is raised of R75 719 (2012: R482 645) for employees' leave days in excess of forty-eight (48) days not taken. | 75 719 | 75 719 |
| | **BJ Moshweledi**<br>Claim by family of children who drowned in sewerage plant - Soutpan. No summons has been received. The liability are estimated at R3 000 000. | 6 120 000.00 | 6 120 000.00 |
| | **Wage curve agreement not implemented**<br>Employees' job evaluations were not completed and they were not paid according to the wage scales and rates in the wage curve agreement and did not receive the nine months retrospective increase. This is in accordance with the provisions of the Labor Relations Act, 1995 made and entered into between the South Africa Local Government Association and Independent Municipal and Allied Trade Union and the South African Municipal Workers Union. The material impact of the liability is undetermined. | - | - |
| | **Various farmers**<br>Veld fire at Verkeerdevlei landfil site, damage to 11 farms. No summons received to date and the liability is estimated at R1 700 000 | 1 700 000.00 | 1 700 000.00 |
| | | **19 702 868** | **19 702 868** |

The following matters exist but the maximum potential liabilities are not determinable:

**GLEN LOSER:** Await appointment of Executor in the estate of Glen Loser

| | | 2014 R | 2013 R |
|---|---|---|---|
| **43** | **CONTINGENT ASSETS** | | |
| | **Break in at workshop - Theunissen**<br>A break in and theft was reported at the Theunissen workshop during July 2012. 70m of cable was stolen. An agreement of loss was signed with the insurers Cre8 Alexander Forbes. | - | 7 076 |
| | **Robbery of cashier - Theunissen**<br>A cashier of the municipality was robbed on his way to the bank in August 2012 with the July cashup. A claim was submitted and payment is expected during July 2013. | - | 16 760 |
| | **Stolen electrical equipment - Winburg**<br>A break in and theft was reported on 31 October 2012 at the substation in Le Roux Street. A length of cable and a transformer was stolen. A claim was submitted and payment is expected during July 2013. | - | 44 693 |
| | | **-** | **68 529** |

**44 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**44.01 Related Party Transactions and Balances**

| Year ended 30 JUNE 2014 | Rates - Levied 1 Jul 11 - 30 Jun 14 | Service Charges - Levied 1 Jul 11 - 30 Jun 14 | Other - Levied 1 Jul 11 - 30 Jun 14 | Outstanding Balances 30 June 2014 |
|---|---|---|---|---|
| **Councillors** | **69 035** | **31 714** | **4 873** | **176 774** |
| Mayor K S Koalane | | | | |
| Speaker S J Mabitla | 17 950 | 1 982 | 712 | 6 780 |
| Councilor S C Mangoejane | 1 558 | 1 982 | 266 | 218 |
| Councilor D E Modise | 1 602 | 1 982 | 306 | 5 117 |
| Councilor I I Majara | 1 602 | 1 982 | 238 | 18 729 |
| Councilor J A Pienaar | 1 277 | - | 201 | 2 591 |
| Councilor K A Sekharume | 2 041 | 1 982 | - | 1 182 |
| Councilor K P Dichakane | 1 602 | 1 982 | - | 597 |
| Councilor L M Moloele | 1 602 | 1 982 | - | - |
| Councilor V M Lekale | - | - | - | - |
| Councilor M B Tsoaela | 1 602 | 1 982 | 145 | 6 044 |
| Councilor M M Kholumo | 1 602 | 1 982 | 77 | 4 753 |
| Councilor M G Mafa | 2 107 | 1 982 | 475 | (1 159.25) |
| Councilor P T Botha | 7 768 | 1 982 | 158 | 1 903 |
| Councilor S L Kgoe | 2 098 | 1 982 | 316 | 7 230 |
| Councilor T P Ramongalo | 1 602 | 1 982 | 4 | 991 |
| Councilor T J Chele | 1 602 | 1 982 | - | 25 998 |
| Councilor X Nqwiliso | - | - | - | - |
| Councilor Z P Thuthani | 829 | 1 982 | 1 976 | 24 851 |
| Councilor M Venter | 20 594 | 1 982 | | 70 949 |
| **Municipal Manager and Section 57 Employees** | **676** | **496** | **4** | **560** |
| Previous Chief Financial Officer- M E Mokoena | 676 | 496 | 4 | -50 |
| Director - M E Maphabole | - | - | - | 609 |

| | | 2014<br>R | 2013<br>R |
|---|---|---|---|

**44 RELATED PARTIES (CONTINUE)**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**44.02 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted according to Section 164 (c) - Forbidden activities of the MFMA.

**44.03 Compensation of key management personnel**

The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.

**45 GOING CONCERN**

The annual financial statements of the municipality has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

Although some positive trends have been observed ,the ability of the Municipality to continue as a going concern is dependent on a number of factors. The Municipality is aware that steps such as effective cash management procedures and effective debt collection procedures have to be implemented to ensure its ability to meet its obligations and to increase its cash flow .

## 11 PROPERTY, PLANT AND EQUIPMENT

**30 JUNE 2014**

| Reconciliation of Carrying Value | Cost | | | | | | Accumulated Depreciation & Impairment | | | | Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Corrections | Work-In-Progress | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | |
| | R | R | | R | R | R | R | R | R | R | R |
| **Land and Buildings** | **55 161 446** | **3 719 592** | **-** | **-** | **-** | **58 881 038** | **1 052 147** | **706 198** | **-** | **1 758 345** | **57 122 693** |
| Land and Buildings | 55 161 446 | 3 719 592 | - | - | - | 58 881 038 | 1 052 147 | 706 198 | - | 1 758 345 | 57 122 693 |
| **Infrastructure** | **904 949 795** | **-** | **67 369** | **-** | **-** | **905 017 164** | **553 593 383** | **24 338 284** | **-** | **577 931 667** | **327 085 497** |
| Stormwater and Roads | 307 252 554 | - | - | - | - | 307 252 554 | 198 106 293 | 7 226 936 | - | 205 333 229 | 101 919 325 |
| Sewerage | 176 781 567 | - | 53 352 | - | - | 176 834 919 | 77 451 435 | 5 011 880 | - | 82 463 315 | 94 371 604 |
| Electricity | 28 422 250 | - | 14 017 | - | - | 28 436 267 | 2 883 983 | 376 828 | - | 3 260 810 | 25 175 457 |
| Water | 392 463 476 | - | - | - | - | 392 463 476 | 275 149 201 | 11 720 739 | - | 286 869 940 | 105 593 536 |
| Solid Waste disposal (Refuse) | 29 948 | - | - | - | - | 29 948 | 2 473 | 1 900 | - | 4 373 | 25 575 |
| **Lease Assets** | **4 015 409** | **-** | **-** | | **-** | **4 015 409** | **1 154 211** | **1 097 248** | **-** | **2 251 458** | **1 763 951** |
| Office Equipment & Vehicles | 4 015 409 | - | - | - | - | 4 015 409 | 1 154 211 | 1 097 248 | - | 2 251 458 | 1 763 951 |
| **Other Assets** | **17 918 180** | **413 313** | **500 317** | **-** | **-** | **18 831 810** | **6 136 161** | **2 366 035** | **-** | **8 502 196** | **10 329 614** |
| Office Equipment | 271 908 | 25 773 | 46 015 | - | - | 343 696 | 98 458 | 126 362 | - | 224 821 | 118 875 |
| Furniture & Fittings | 3 344 971 | 29 987 | 3 675 | - | - | 3 378 633 | 1 705 235 | 446 743 | - | 2 151 978 | 1 226 656 |
| Plant and Equipment | 6 189 195 | - | - | - | - | 6 189 195 | 2 066 255 | 1 008 041 | - | 3 074 296 | 3 114 899 |
| Motor vehicles | 7 234 119 | - | 386 073 | - | - | 7 620 192 | 1 656 540 | 623 524 | - | 2 280 064 | 5 340 128 |
| Emergency equipment | 147 447 | 155 376 | 37 017 | - | - | 339 841 | 58 180 | 35 287 | - | 93 467 | 246 374 |
| Computer equipment | 730 540 | 202 177 | 27 536 | - | - | 960 253 | 551 493 | 126 078 | - | 677 571 | 282 682 |
| **Work in Progress** | **101 241 175** | **-** | **-** | **43 573 740** | **-** | **144 814 915** | **-** | **-** | **-** | **-** | **144 814 915** |
| | 101 241 175 | - | - | 43 573 740 | - | 144 814 915 | - | - | - | - | 144 814 915 |
| | **1 083 286 005** | **4 132 905** | **567 686** | **43 573 740** | **-** | **1 131 560 336** | **561 935 902** | **28 507 765** | **-** | **590 443 667** | **541 116 669** |

**30 JUNE 2013**

| Reconciliation of Carrying Value | Cost | | | | | | Accumulated Depreciation & Impairment | | | | Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance | Additions | Corrections | Work-In-Progress | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | |
| | R | R | | R | R | R | R | R | R | R | R |
| **Land and Buildings** | **54 245 444** | **916 002** | **-** | **-** | **-** | **55 161 446** | **-** | **1 052 147** | **-** | **1 052 147** | **54 109 299** |
| Land and Buildings | 54 245 444 | 916 002 | - | - | - | 55 161 446 | - | 1 052 147 | - | 1 052 147 | 54 109 299 |
| **Infrastructure** | **877 520 470** | **-** | **27 429 325** | **-** | **-** | **904 949 795** | **490 772 708** | **62 820 675** | **-** | **553 593 383** | **351 356 412** |
| Stormwater and Roads | 307 252 554 | - | - | - | - | 307 252 554 | 194 286 478 | 3 819 815 | - | 198 106 293 | 109 146 261 |
| Sewerage | 169 957 118 | - | 6 824 449 | - | - | 176 781 567 | 71 655 493 | 5 795 942 | - | 77 451 435 | 99 330 132 |
| Electricity | 28 422 250 | - | - | - | - | 28 422 250 | 3 846 | 2 880 137 | - | 2 883 983 | 25 538 267 |
| Water | 371 858 600 | - | 20 604 876 | - | - | 392 463 476 | 224 826 415 | 50 322 786 | - | 275 149 201 | 117 314 275 |
| Solid Waste disposal (Refuse) | 29 948 | - | - | | - | 29 948 | 476 | 1 997 | - | 2 473 | 27 475 |
| **Lease Assets** | **4 681 835** | **1 980 110** | **-** | **-** | **-2 646 536** | **4 015 409** | **3 021 430** | **958 774** | **-2 825 993** | **1 154 211** | **2 861 199** |
| Office Equipment & Vehicles | 4 681 835 | 1 980 110 | - | - | -2 646 536 | 4 015 409 | 3 021 430 | 958 774 | -2 825 993 | 1 154 211 | 2 861 199 |
| **Other Assets** | **17 525 497** | **392 683** | **-** | **-** | **-** | **17 918 180** | **2 605 487** | **3 530 674** | **-** | **6 136 161** | **11 782 019** |
| Office Equipment | 251 995 | 19 913 | - | - | - | 271 908 | 54 365 | 44 093 | - | 98 458 | 173 450 |
| Furniture & Fittings | 3 301 235 | 43 736 | - | - | - | 3 344 971 | 1 233 099 | 472 136 | - | 1 705 235 | 1 639 736 |
| Plant and Equipment | 5 882 948 | 306 247 | - | - | - | 6 189 195 | 648 964 | 1 417 291 | - | 2 066 255 | 4 122 940 |
| Motor vehicles | 7 234 119 | - | - | - | - | 7 234 119 | 326 389 | 1 330 151 | - | 1 656 540 | 5 577 579 |
| Emergency equipment | 147 447 | - | - | - | - | 147 447 | 33 130 | 25 050 | - | 58 180 | 89 267 |
| Computer equipment | 707 753 | 22 787 | - | - | - | 730 540 | 309 540 | 241 953 | - | 551 493 | 179 047 |
| **Work in Progress** | **48 184 369** | **-** | **32 455 634** | **20 601 172** | **-** | **101 241 175** | **-** | **-** | **-** | **-** | **101 241 175** |
| | 48 184 369 | - | 32 455 634 | 20 601 172 | - | 101 241 175 | - | - | - | - | 101 241 175 |
| | **1 002 157 615** | **3 288 795** | **59 884 959** | **20 601 172** | **-2 646 536** | **1 083 286 005** | **496 399 625** | **68 362 270** | **-2 825 993** | **561 935 902** | **521 350 103** |

**APPENDIX A - UNAUDITED**
**MASILONYANA LOCAL MUNICIPALITY**
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

| EXTERNAL LOANS | Rate | Loan Number | Redeemable | Balance at 30 JUNE 2013 | Correction | Balance at 30 JUNE 2013 Restated | Received during the period | Redeemed written off during the period | Balance at 30 JUNE 2014 |
|---|---|---|---|---|---|---|---|---|---|
| **LONG-TERM LIABILITIES** | | | | | | | | | |
| Infrastructure Corporate Finance Limited | 16% | BDT114US908 | 30-Sep-14 | 66 903 | - | 66 903 | - | 48 646 | 18 257 |
| Infrastructure Corporate Finance Limited | 16% | THN114US879 | 30-Sep-14 | 66 903 | - | 66 903 | - | 49 728 | 17 175 |
| Development Bank of South Africa | 12.5% -14.5% | 61001050 | 31-Mar-20 | 3 504 905 | - | 3 504 905 | - | 336 742 | 3 168 163 |
| **LONG-TERM LIABILITIES** | | | | **3 638 711** | **-** | **3 638 711** | **-** | **435 116** | **3 203 595** |
| **LEASE LIABILITY** | | | | | | | | | |
| Copperleaf - Rental of Photocopiers | 14.08% | Various | 01-Jan-15 | 1 205 131 | - | 1 205 131 | - | 742 423 | 462 708 |
| Multitech Corporation -Rental of telephone system | 9.29% | | 30-May-14 | 674 388 | - | 674 388 | - | 674 388 | 0 |
| **Total Lease Liabilities** | | | | **1 205 131** | **-** | **1 879 519** | **-** | **742 423** | **462 708** |
| **TOTAL EXTERNAL LOANS** | | | | **4 843 842** | **-** | **5 518 231** | **-** | **1 177 539** | **3 666 304** |

**APPENDIX B - UNAUDITED**
**MASILONYANA LOCAL MUNICIPALITY**
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**
**MUNICIPAL VOTES CLASSIFICATION**

| 2013 Actual Income R | 2013 Actual Expenditure R | 2013 Surplus/ (Deficit) R | | 2014 Actual Income R | 2014 Actual Expenditure R | 2014 Surplus/ (Deficit) R |
|---|---|---|---|---|---|---|
| 118 821 | (541 343) | (422 521) | Cemeteries | 91 984 | (628 953) | (536 969) |
| (7 541) | (4 033 995) | (4 041 535) | Community & Social Services | 3 693 | (3 544 676) | (3 540 983) |
| 69 387 | (3 516 158) | (3 446 771) | Housing | 97 196 | (1 721 496) | (1 624 301) |
| - | (1 117 370) | (1 117 370) | Libraries | - | (1 229 120) | (1 229 120) |
| 49 126 | (501 934) | (452 809) | Traffic | 16 005 | (89 981) | (73 975) |
| 34 745 531 | (36 436 170) | (1 690 639) | Electricity | 38 250 274 | (29 291 900) | 8 958 374 |
| - | (11 162 978) | (11 162 978) | Corporate Services | 46 200 | (21 258 240) | (21 212 040) |
| 41 113 057 | (6 453 221) | 34 659 836 | Council General | 25 318 509 | (9 028 554) | 16 289 954 |
| - | (8 030 178) | (8 030 178) | Municipal Manager | - | (9 799 443) | (9 799 443) |
| - | (3 460 386) | (3 460 386) | Office of the Mayor | - | (3 087 060) | (3 087 060) |
| - | (2 869 505) | (2 869 505) | Office of the Speaker | - | (2 500 434) | (2 500 434) |
| 16 472 807 | (88 716 066) | (72 243 259) | Financial Services | 10 280 045 | (134 019 237) | (123 739 193) |
| 73 721 | (180 163) | (106 442) | Properties | 72 408 | - | 72 408 |
| 15 075 772 | - | 15 075 772 | Rates | 15 629 795 | (1 026 147) | 14 603 649 |
| 25 167 | (1 881 197) | (1 856 030) | Town Hall & Offices | 54 527 | (1 513 154) | (1 458 627) |
| 31 199 699 | (15 105 604) | 16 094 095 | Public Works | 35 067 749 | (13 181 776) | 21 885 974 |
| - | (10 140 115) | (10 140 115) | Parks and Recreation | - | (2 059 381) | (2 059 381) |
| 17 087 367 | (5 434 026) | 11 653 341 | Refuse | 17 294 788 | (4 607 476) | 12 687 312 |
| 25 626 626 | (9 098 150) | 16 528 476 | Sewerage | 26 497 267 | (3 914 882) | 22 582 386 |
| 32 198 751 | (24 126 049) | 8 072 701 | Water | 54 729 197 | (22 946 157) | 31 783 040 |
| **213 848 291** | **(233 231 086)** | **(19 382 795)** | **Sub Total** | **223 449 636** | **(267 760 681)** | **(44 311 045)** |
| - | - | - | Less Inter-Departmental Charges | - | - | - |
| **213 848 291** | **(233 231 086)** | **(19 382 795)** | **Total** | **223 449 636** | **(267 760 681)** | **(44 311 045)** |

**APPENDIX C - UNAUDITED**
**MASILONYANA LOCAL MUNICIPALITY**
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| 2013 Actual Income R | 2013 Actual Expenditure R | 2013 Surplus/ (Deficit) R | | 2014 Actual Income R | 2014 Actual Expenditure R | 2014 Surplus/ (Deficit) R |
|---|---|---|---|---|---|---|
| 229 793 | (9 710 800) | (9 481 007) | Community & social | 208 877 | (7 214 226) | (7 005 349) |
| 34 745 531 | (36 436 170) | (1 690 639) | Electricity | 38 250 274 | (29 291 900) | 8 958 374 |
| 41 113 057 | (32 402 746) | 8 710 311 | Executive & Council | 25 364 709 | (47 986 345) | (22 621 637) |
| 31 647 468 | (90 777 427) | (59 129 959) | Finance & Administration | 26 036 775 | (136 558 538) | (110 521 763) |
| 31 199 699 | (15 105 604) | 16 094 095 | Roads transport | 35 067 749 | (13 181 776) | 21 885 974 |
| - | (10 140 115) | (10 140 115) | Sports & Recreation | - | (2 059 381) | (2 059 381) |
| - | - | - | Planning and Development | - | - | - |
| 25 626 626 | (9 098 150) | 16 528 476 | Waste Water Management | 26 497 267 | (3 914 882) | 22 582 386 |
| 17 087 367 | (5 434 026) | 11 653 341 | Waste Management | 17 294 788 | (4 607 476) | 12 687 312 |
| 32 198 751 | (24 126 049) | 8 072 701 | Water | 54 729 197 | (22 946 157) | 31 783 040 |
| **213 848 291** | **(233 231 086)** | **(19 382 795)** | **Sub Total** | **223 449 636** | **(267 760 681)** | **(44 311 045)** |
| - | - | - | Less Inter-Departmental Charges | - | - | - |
| **213 848 291** | **(233 231 086)** | **(19 382 795)** | **Total** | **223 449 636** | **(267 760 681)** | **(44 311 045)** |

**APPENDIX D - UNAUDITED**
**MASILONYANA LOCAL MUNICIPALITY**
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

| Grant Description | Balance 1 JULY 2013 | Correction of error | Restated Balance 1 JULY 2013 | Grants Received | Operating Expenditure during the year Transferred to Revenue | Capital Expenditure during the year Transferred to Revenue | Balance 30 JUNE 2014 | Unspent 30 JUNE 2014 (Creditor) | Unpaid 30 JUNE 2014 (Debtor) |
|---|---|---|---|---|---|---|---|---|---|
| **UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS** | R | R | R | R | R | R | R | R | R |
| **National Government Grants** | | | | | | | | | |
| Equitable Share | - | - | - | 81 611 000 | 81 611 000 | - | - | - | - |
| Municipal Infrastructure Grant | 7 888 682 | - | 7 888 682 | 34 921 000 | 34 921 000 | 7 888 682 | - | - | - |
| Municipal Systems Improvement Grant | - | - | - | 890 000 | 890 000 | - | - | - | - |
| Local Government Financial Management Grant (FMG) | - | - | - | 1 650 000 | 1 650 000 | - | - | - | - |
| Regional Bulk Infrastructure Grant | (717 828) | - | (717 828) | 15 563 434 | 12 219 383 | - | 2 626 223 | 2 626 223 | - |
| Expanded Public Works Programme Integrated Grant for Municipalities | - | - | - | 1 000 000 | 1 000 000 | - | - | - | - |
| **Total National Government Grants** | **7 170 854** | **-** | **7 170 854** | **135 635 434** | **132 291 383** | **7 888 682** | **2 626 223** | **2 626 223** | **-** |
| **Provincial Government Grants** | | | | | | | | | |
| Local Government Sector Education Training Authority | - | - | - | 80 233 | 80 233 | - | - | - | - |
| **Total Provincial Government Grants** | **-** | **-** | **-** | **80 233** | **80 233** | **-** | **-** | **-** | **-** |
| **Total** | **7 170 854** | **-** | **7 170 854** | **135 715 667** | **132 371 616** | **7 888 682** | **2 626 223** | 2 626 223 | - |